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China

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Daily Report

China

FBIS-CHI-95-011

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General

Government Talks With Nations on IPR Issue

OW1801115095 Beijing China Radio International
in English to Western North America 0400 GMT
18 Jan 95

["News Analysis" by China Radio International's (Xu Huazhen)]

[FBIS Transcribed Text] The major targets of the ongoing anti-IPR [intellectual property rights] infringement campaign is the piracy of copyrights of overseas audio and video products, software, and publications. At the end of this month, a crackdown on compact disk piracy is to be launched throughout the country during the traditional Spring Festival.

China confiscated more than 2 million pirated CD's [compact discs] last year. This campaign is not only aimed at confiscating pirated products but also examining CD production lines. Reproduction firms will be required to re-register with the Press and Publications Administration before 1 April of this year. According to the State Copyright Administration, from last month all China-made CD's must carry a source-identification mark or risk being investigated. (Duan Ruichun), spokesman with the Office of the IPR Working Conference under the State Council, said the campaign will be expanded nationwide. He said the country is adopting both legal and administrative measures to protect intellectual property rights.

A national IPR meeting has called on the local governments to work out an inspection plan and put it into effect as soon as possible. The State Council has required the local governments to submit work reports on the inspection every week. Ninety-seven trademark agencies have been established in China, 17 of which provide overseas services. The Supreme People's Court began setting up special intellectual property rights courts in 1993 in China's major cities. Since 1986, Chinese courts have dealt with more than 7,000 cases of intellectual property right violations. Over the last three years, more than 2,600 Chinese have been prosecuted for violating intellectual property rights. Most of the criminals have been given prison terms, including life sentences and even the death penalty.

China has been enhancing its cooperation with other countries. It has signed the contracts on identifying the sources of copyrights with the International Federation of the Phonograph Industry and the Hong Kong Film Association. These contracts have gone into full effect. The country is negotiating with the U.S. Film Markets Association to identify the sources of American copyrights. Negotiations with Britain and Thailand to set up trademark monitoring bodies are also under way. More achievements are expected this year in the anti-IPR infringement campaign.

Article on CPC's Expanded Foreign Relations

OW1801024195 Beijing BEIJING REVIEW in English
No 2, 9-15 Jan 95 pp 19-21

[Article by Zhong Yanwen of the CPC CC's International Liaison Department: "CPC Expands Foreign Relations"]

[FBIS Transcribed Text] In 1994 the world situation continued to undergo a deep change. Although relaxation became the main trend, hegemonism and power politics still hold on. Various forces were continuously divided and reorganized. Dramatic changes took place in the political parties of different countries in the third year after the end of the Cold War. These changes were a reflection of the big change in the world pattern.

In the past year in contrast to some countries, which suffered turbulent and unstable conditions, the political situation in China was stable. With one-fifth of the world population, China maintained the momentum of continuous economic growth. A peaceful, stable and prosperous China has emerged in the world. Now the rest of the world is paying more attention to China and trying to understand it.

If the world is making attempts to understand the country, it must also understand the Communist Party of China (CPC). Since last year the Party further consolidated and strengthened its relations with the political parties, especially the ruling parties, of peripheral countries and those of the Asia-Pacific region. It continued to actively expand relations and cooperation with the major political parties of the developing countries and further developed relations with the major political parties of the developed countries. Top-level foreign relations were also strengthened. At the same time many foreign parties expressed a desire to exchange visits with the Party. Important leaders of foreign parties said that in view of the status of the Communist Party of China in China's social life they must attach importance to relations with the Communist Party of China if they wanted to further ties with it. Some considered that with the friendly relations between the ruling parties developing, it was possible to further promote mutual understanding and friendship between the peoples because of those party relations. This was of significance in promoting comprehensive development of relations between the two countries. On this basis more and more countries have considered expanding exchange visits with the Party as the main path to developing state-to-state relations. By the end of 1993 more than 300 political parties from over 120 countries had established relations with the Party. Last year the political parties of a number of countries established or restored relations with the Party. While continuing to maintain friendly relations with all the Japanese political parties, the Party established firm links with the New Party Sakigake [Harbinger] of Japan. Malaysia was the first country of ASEAN to establish diplomatic relations with China.

Last year the governing multi-racial coalition of Malaysia—the National Front—became the first ASEAN country to formally establish relations with the Party. The Colorado Party of Paraguay in South America, although it has no diplomatic relations with China, did exchange mutual visits with the Party. The Democratic and Social Republican Party of Mauritania in north-western Africa and the Democratic Rally of Cyprus have also established relations with the Party which has thus established good relations with all the ruling parties and major parties which participate in government and political affairs of this region. The Party has also further developed relations with the Rassemblement pour La Republique and to date it has welcomed nearly 200 delegations of foreign political parties and organizations, comprising more than 1,000 persons. The four principles on party relations issued by the Chinese Communist Party have been increasingly appreciated. The successful foreign affairs work of the Party has brought about a new approach which puts stress on building up relations with the ruling parties, parties which participate in government and political affairs and those major parties not currently in office in their countries.

The political situation in China is stable and the economy prosperous and as a result the reform and opening to the outside world has made great progress. Many foreign political parties have demonstrated profound interest in the successful experience of the Party in governing the state and building its political organization, hoping to draw on that experience through developing relations with the Party. On many occasions when he met with the Party delegations, First Secretary of the Central Committee of the Communist Party of Cuba, Raul Castro Ruz, pointed out that China's upholding the socialist road is a matter of world significance. The leaders of the Vietnamese Communist Party said that no matter what China underwent—successful experience or lessons—Vietnam was inspired by them. Therefore, Vietnam has sent many delegations to study in China. The leader of the Lao People's Revolutionary Party considered the theory of reform and opening of the Party a clear train of thought which is worth studying and useful for reference. The General Secretary of the Democratic Party of Cote d'Ivoire praised the Communist Party of China because not only did it lead the Chinese people to realize national liberation, but also achieved great successes in building the state and developing the economy. All these have set an example for the broad masses of developing countries. The Chairman of the Argentine Justicialist Party, Carlos Saul Menem, stressed that a strong political party can coordinate with the government and make contact with the masses at all levels about the successful experiences in China. This is one of the main reasons for Argentina's achievements in recent years. The ruling parties of many countries also sent delegations or letters to conduct extensive investigations on the theory, principle, policy and concrete measures of China's socialist market economy, as well as issues of Party construction and safeguarding social

security. With the whole economic factor in international relations becoming more important, strengthening economic cooperation through party relations has become the common goal of many political parties when they make contact with the Party, and some practical results have been achieved.

The world wants to understand China and the Party also needs to understand the world and the political parties of other countries. Last year to adapt to the changed situation, the Party actively launched a program of foreign exchanges, paying attention to exchanging the level of those exchange visits by sending high-level delegations abroad with good results. With a sincere desire to promote friendship, strengthen cooperation, push peace and development, Member of the Standing Committee of the Political Bureau of the CPC Central Committee Hu Jintao and Members of the Political Bureau Wu Bangguo and Wei Jianxing, respectively led delegations to visit some Latin American, African and China's peripheral countries and were given much attention and accorded lavish hospitality by the ruling, participating-in-government and major parties not in office of these countries. These high-ranking delegations of the Party visited the Democratic People's Republic of Korea, India, Bangladesh, Egypt, Syria, Cuba and the Republic of Korea and were met by the heads of state. The important leaders of the major ruling parties and governments of the host countries met with the delegations and the news media also fully covered their main activities. Comrade Hu Jintao visited three Latin American countries, writing a new chapter in the relations between the Party and the ruling parties of Latin American countries. When the presidents of Uruguay and Argentina were on holiday and ordered to stop receiving foreign guests, they made particular arrangements to meet with Comrade Hu Jintao. The Brazilian government raised Hu's informal visit to the status of a formal one, proving that it attached importance to high-level relations with the Party. These high-level exchanges have strengthened old friendships and made new friends, further promoting friendship and expanding cooperation.

The foreign affairs work of the Party in the past year proves that an important component of the whole foreign policy of China today is to strengthen international relations between the political parties and especially the ruling ones. The new situation has enriched the contents of political parties' foreign affairs and opened up new prospects for the foreign relations of the Party. In the new year these foreign relations activities will be more extensive, in depth, flexible and multiple. They will be more responsive to changes in the world situation, and to the respective political parties, so as to win more friends. It will supplement government, parliamentary and people-to-people foreign affairs, winning a favorable international environment for China's four modernizations and will make greater contributions to world peace and development.

'Roundup' on Israel, Egypt Agreeing To Improve Ties

OW1701120695 Beijing XINHUA in English 1004
GMT 17 Jan 95

["Roundup" by Xie Dongfeng: "Israel, Egypt Agree To Improve Ties"]

[FBIS Transcribed Text] Jerusalem, January 17 (XINHUA)—Israel and Egypt have agreed on the need to defuse tensions in the strained bilateral relations which began with the signing of the Israel-Jordan peace treaty last October, which was icily received by Egypt.

The agreement was reached Monday [16 January] night during a telephone conversation between Israeli President Ezer Weizman and his Egyptian counterpart Hosni Mubarak.

Israeli Presidential Bureau Chief Arye Shumer [name as received] told the press that the phone conversation was "designed to ease tensions."

"Weizman noted that extremists on both sides are seeking to harm the peace process, but the time has come to restore normal, good working relations," he added.

Meanwhile, another senior Israeli official said that there was an agreement on high-level consultations to follow and that Mubarak and Israeli Prime Minister Yitzhak Rabin may meet soon to discuss the bilateral ties.

Israeli officials said that the Rabin-Mubarak meeting might take place in Israel. However, they said such a visit would not be a standard official visit to Jerusalem. Mubarak has refused to visit Israel since he took power more than 13 years ago.

Since the strain in the Israeli-Egyptian relations took place last October, Rabin has stopped his periodic visits to Egypt for consultations with Mubarak.

Egypt was not involved in the Israeli-Jordanian negotiations. Although it was the first Arab country to sign a peace deal with Israel, Egypt was still unhappy with Jordan's breakaway from the Arab solidarity and signing of a quick peace treaty with Israel.

The strain has been exacerbated by tension over the upcoming renewal of the Nuclear Nonproliferation Treaty (NPT) in April.

Egypt has been seeking to rally the Arabs not to sign the treaty unless Israel does. Mubarak has even asked U.S. Defense Secretary William Perry, who visited Egypt this month, to press Israel to sign the NPT.

Nevertheless, Israel has made it clear that it will only consider signing once there is a comprehensive Middle East peace.

Another problem in the Israel-Egypt ties was the recent Alexandria summit attended by leaders from Egypt,

Syria and Saudi Arabia. The three countries publicly endorsed Syria's stance in peace talks with Israel.

Meanwhile, there were signs that the three countries agreed that the growing normalization between Israel and the North African and Gulf states should be slowed, which Israel believes, will give Syria a better bargaining position in its talks with Israel.

The final strain is Egypt's reluctance to have normal cultural and intellectual exchanges between the two sides. Israel has been routinely excluded from conferences in Egypt. The recent case was that Israel was not invited to participate in the Cairo International Book Fair opened in January 11.

The current Cairo International Book Fair is the second largest fair of its kind in the world, with the participation of publishers from over 70 countries.

However, despite the obstacles in the bilateral relations, Israel appreciates Egypt's go-between role especially in the Israeli-PLO negotiations, which is still hosted by Cairo.

Israel's Deputy Foreign Minister Yossi Beilin [name as received], who will be meeting with Mubarak's national security adviser Osama Baz [name as received], was more optimistic about the current state of Israeli-Egyptian relations.

Speaking to reporters at a Foreign Ministry briefing Monday, Beilin noted the increases in trade, tourism and cooperation in education between the two sides. "After many years of what we called a cold peace we can refer to something which is different from whatever happened in the past," he said.

Beilin said he believed that the "exchange of accusations" were "totally unproportional to the real situation."

"Relations between Israel and Egypt are the cornerstone of the whole structure in the Middle East," he stressed.

Conference Agrees on Principles for Peaceful Coexistence

OW1701001195 Beijing XINHUA Domestic Service in Chinese 0725 GMT 15 Jan 95

[By reporter Yu Dingliang (0151 1353 5328)]

[FBIS Translated Text] Acapulco (Mexico), 14 Jan (XINHUA)—Delegates to the third annual meeting of the Asia-Pacific Parliamentary Forum held spirited discussions on regional political and security issues, reaching the consensus that the spirit of the Five Principles of Peaceful Coexistence is a guiding principle for managing international affairs.

Zhu Liang, chairman of the Chinese National People's Congress (NPC) Foreign Affairs Committee and head of the NPC delegation, noted in his speech: The Five Principles of Peaceful Coexistence and the 10 principles

of the Bandung Conference should serve as the norms for safeguarding the region's peace and stability and for resolving regional issues.

Countries represented at the meeting supported and endorsed the Chinese delegation's viewpoint. The Japanese delegate, in particular, had a positive response. Through consultations, China and Japan jointly proposed that delegates to the meeting adopt the following universally accepted principles to achieve peace, security, and stability in the Asia-Pacific region: Respect for sovereignty and territorial integrity; mutual nonaggression and noninterference in each other's internal affairs; equality, mutual benefit, peaceful coexistence, and mutual trust; cooperation and consultation; the peaceful settlement of interstate disputes; and respect for international laws and treaties. The proposal was adopted unanimously.

Observers said that the adoption of these six principles has provided the basis for settling future regional conflicts or interstate disputes.

The third annual meeting of the Asia-Pacific Parliamentary Forum opened on 13 January. Delegates from 22 Asia-Pacific countries and regions, including China, attended the meeting.

United States & Canada

Jiang Zemin Calls For Improved U.S. Relations

OW1701135695 Beijing XINHUA Domestic Service in Chinese 1204 GMT 17 Jan 95

[By reporter Wen Jihua (2429 4949 5478)]

[FBIS Translated Text] Beijing, 17 Jan (XINHUA)—While meeting with John Gibbons, assistant to the U.S. president for science and technology, and his party this afternoon at the Great Hall of the People, President Jiang Zemin said that because Sino-U.S. relations are now at an important juncture, this calls for the two countries' leaders to promote the development of the two countries' relationship along a healthy track with politicians' foresightedness, courage, and resourcefulness.

When touching on the Sino-U.S. economic and trade relationship, Jiang Zemin said that good work in Sino-U.S. economic and trade cooperation will not only bring benefits to the people of both countries but will also benefit prosperity and development in the Asia-Pacific region, and will contribute greatly to the development of the world economy. Therefore, both the Chinese and U.S. Governments should make efforts to create a still more favorable environment and conditions for the development of the Sino-U.S. economic and trade relationships.

Jiang Zemin said that the Chinese Government attaches great importance to the development of the undertaking of science and technology and that it emphasizes the need to earnestly transfer the economic construction and

social development onto the track of relying on scientific and technological progress and of raising workers' quality, as well as the need for a new liberation and great developments in science and technology. He voiced the hope that Sino-U.S. cooperation and exchanges in the field of science and technology will see constant enhancement and expansion through both sides' common efforts.

Gibbons thanked President Jiang Zemin for meeting him. He said that the just-concluded second session of the Sixth Sino-U.S. Joint Commission on Science and Technology Cooperation was a success and that the joint commission has become an important mechanism for the two countries to realize their common goals in science and technology.

Gibbons said that the United States hopes to enhance its cooperation with China in the field of science and technology. He said that both sides can cooperate in quite a number of scientific and technological areas, adding that doing a good job of cooperation not only conforms to the interests of the people of both countries but also is beneficial to the progress of international science and technology.

Among those present at the meeting were Song Jian, state councillor and minister in charge of the State Science and Technology Commission; Liu Huaqiu, director of the Foreign Affairs Office under the State Council; Hui Yongzheng, vice minister in charge of the State Science and Technology Commission; and U.S. Ambassador to China J. Stapleton Roy.

Jiang Urges Relations With U.S. Based on Equality

HK1701055695 Beijing CHINA DAILY in English 17 Jan 95 p 1

[By Ma Chengguang: "Jiang Stresses Equality In Sino-US Relations"]

[FBIS Transcribed Text] China hopes to forge a good relationship with the United States, President Jiang Zemin said yesterday in Beijing.

But first, the two countries should build up equality, Jiang told former US Secretary of State Henry Kissinger.

"We should take great foresight and seek common ground to let Sino-US ties develop in a new pattern," Jiang noted.

This is not only in the immediate interests of the two nations, but also is aimed at the world's overall situation and its future, the president told Kissinger who is on his 24th trip to China.

Kissinger was here since Sunday at the invitation of China United Telecommunications Corp, which asked him to serve as a special adviser to its general manager.

His trip was made at a time when new Sino-US talks on intellectual property rights are due to open tomorrow in Beijing. Many believe his visit will help propel the dialogue.

However, Jiang noted, Sino-US ties have witnessed one problem after another in recent years.

"The core of all these pains has resulted from violations of the basic principles enshrined in the three Sino-US joint communiques, on the part of the US," he said.

Some people in the United States always are finding problems over some issues related to China's sovereignty, Jiang said. He noted the two main subjects are Taiwan and Tibet.

On issues concerning its sovereignty, territorial integrity and national reunification, China will never give in, Jiang stressed.

As two great nations, China and the United States shoulder major responsibility in safeguarding world peace, stability and development.

Kissinger agreed with Jiang's view that a stable enhancement of US-Sino ties is of immediate significance, adding he believed there are broad prospects for mutual co-operation.

Taiwan is an inalienable part of China, he said, adding all US presidents since the 1970s have adhered to a "One China" policy.

Every American who shows interest in developing US-Sino ties is upholding the principles enshrined in the three joint communiques, Kissinger said.

Kissinger also met yesterday with Chinese Vice-President Rong Yiren in the Great Hall of the People.

'Article' on Encouraging Sino-U.S. Trade Ties

HK1701072195 Beijing GUOJI SHANGBAO in Chinese
5 Jan 95 p 3

["New year special article" by Department of North American and Oceania Affairs under the Ministry of Foreign Trade and Economic Cooperation: "Sino-U.S. Economic and Trade Relations in 1994 in Retrospect and Prospects"]

[FBIS Translated Text] Positive headway was made in many aspects in economic and trade relations between China and the United States in 1994. First, President Clinton announced on 26 May the unconditional extension of most-favored-nation [MFN] treatment to China in 1994-95 and the delinking of trade from human rights issues. This wise decision led to a relatively marked improvement in economic and trade relations between the two countries so that a new development momentum has emerged in bilateral trade and investment. According to statistics from China's customs, between January and October 1994, the total amount of import and export trade between the two sides reached \$27

billion, representing an increase of 32 percent compared with the corresponding period in the previous year. It is anticipated that the total amount of imports and exports for the whole year will exceed \$30 billion. What deserves to be pointed out is that China's imports from the United States from January to October increased by 32 percent, which was much higher than the growth rate of China's exports to the United States, which was 26 percent during the same period. In the investment area, U.S. companies' enthusiasm for investment in China has not abated. In the first half of the year, the number of investment projects reached 2,228, with a contracted amount of \$2.456 billion and actual inputs of \$1.11 billion, which shows that a very good development momentum was also maintained in this aspect.

Last April, Wu Yi, minister of foreign trade and economic cooperation, led an official delegation to the United States and, together with the U.S. secretary of commerce, successfully presided over the eighth meeting of the Sino-U.S. Commerce and Trade Commission. During the conference, a joint statement from the commission's working group was signed by both sides, which announced that a number of working teams would be established under the working group, which include a trade and investment working team, a commercial law working team, and a trade promotion working team aiming to facilitate trade in the areas of information, energy technology, transportation, services, environmental protection technology, and chemical products. Later, as an envoy of the President, Secretary of Commerce Brown led a large delegation comprising prominent entrepreneurs to visit China at the end of August. The two sides signed a series of letters of intent on economic and trade cooperation projects as well as a framework agreement for economic and trade cooperation covering pertinent agreements in a dozen areas including electric power, chemicals, automobiles, telecommunications, services, environmental protection, and so on. It is believed that the signing of these agreements will provide favorable conditions for opening up channels for bilateral economic and trade exchanges and will create more trade and investment opportunities.

By and large, the development trend of Sino-U.S. economic and trade relations is good, but it has undergone twists and turns and has overcome a lot of difficulties. The major problems plaguing the development of Sino-U.S. economic and trade relations over the past year are as follows:

1. The issue of China's reentry to the GATT. Since China submitted its application to reenter the GATT on 10 July 1986, it has made unremitting efforts towards this purpose for eight years. So far, the working party on China's membership has held 19 meetings, during which China also participated in the Uruguay Round of multilateral trade talks in a comprehensive way and signed the "ultimate document" signifying completion of the talks. At the end of last August, China proposed a final package

plan to solve the reentry issue with an improved schedule of concessions on agricultural products, nonagricultural products, and services. People should note that after a dozen years of reform, China's foreign economic and trade structure has been brought to line with the principles of GATT, and China's conditions for reentering GATT have completely matured. This is precisely the reason why China proposed that the substantive talks on the reentry issue be accomplished within 1994 and that China be admitted as a founding member of the World Trade Organization.

"Giving firm support to China in obtaining the status of a GATT signatory nation" was the most important obligation the U.S. administration undertook in the "Sino-U.S. Memorandum on Market Access." In the practical talks, however, the United States has placed obstacles to the issue so that no unanimous agreement was reached to wind up the substantive talks on China's reentry to the GATT at the 19th meeting of the China working party, which has just concluded. We expressed our dissatisfaction with this practice, which is in defiance of the universal principles applicable to the multilateral trade system. We hope that in future talks on this issue, the U.S. side will adopt a constructive and pragmatic attitude to enable the talks to make positive progress and to further improve and enhance bilateral economic and trade relations through the resolution of China's GATT status. China's accession to this organization at an early date conforms to the interests of China and the vast number of signatory nations, including the United States.

2. The issue of the protection of intellectual property rights [IPR]. Although legislation to protect IPR began relatively late in China, the speed of that legislation has been rarely seen in the world. At present, China has instituted a high-level system for the protection of intellectual property rights with a complete law-enforcement system. After the signing of the "Sino-U.S. Memorandum of Understanding on the Protection of Property Rights," China has seriously fulfilled the obligations stipulated in the memorandum and has worked hard for its implementation so that the achievements are obvious to all. However, the United States has once again included China in a "list of major countries" under the "Special 301 section" on 30 June 1994 and began to investigate China for a period of six months. This is extremely unfair. The U.S. practice of totally negating China's IPR protection system because of some individual cases involving property rights infringement will hinder China from making further improvements in this area. We hope that differences will be ironed out through consultations. Trade retaliation is undesirable and is not in tune with the current atmosphere of Sino-U.S. economic and trade relations as a whole.

3. The issue on trade in textiles. The issue between China and the United States in respect of textiles is primarily about illegal reexports of these commodities. In order to further demonstrate the Chinese Government's

unbending stand against illegal reexports, China agreed to add an anti-fraud clause to the fourth agreement on the textiles trade signed between the two countries on 17 January 1994 in a bid to cooperate more effectively with the U.S. side in cracking down on illegal reexport activities. However, these activities involve both exporters and importers, and there may even be third parties as well. Therefore, only limited steps can be taken if unilateral efforts from China are relied upon. For this reason, the Chinese Government has always maintained that the U.S. side should intensify international cooperation and make appropriate efforts to identify and deal with U.S. companies which are involved in illegal reexport activities and to put an end to them effectively. With regard to illegal reexport cases under investigation, they should also be settled through consultations. We are resolutely opposed to the unilateral reduction of China's quotas without sufficient proof that Chinese companies are involved in illegal reexport activities.

Apart from the above, there is also the problem of the antidumping issue, services, the trade imbalance, a U.S. proposal to revise the regulations on product origin, and controls on high-tech exports to China, among others, which exist in bilateral economic and trade relations.

Generally speaking, the rapid development of Sino-U.S. economic and trade relations is encouraging, and both the speed and scale of growth are plain for everyone to see. This is a mainstream of development in this relationship. At present, although some friction and disputes still exist and some obstacles and problems have yet to be removed, they can all be settled through equal consultations, as has been fully elucidated by past experience. Judging from the general situation, given the uneven road of development, the expansion of economic and trade cooperation between China and the United States is the trend of the times and the desire of the people since it accords with the common interests of the two peoples, in addition to the mutually complementary nature of trade and investment between the two countries. The basic solution of the MFN issue has provided favorable conditions and opportunities for the improvement and development of the Sino-U.S. economic and trade relationship and even the overall relationship of the two countries. Furthermore, it illustrates the strong aspirations of the vast number of people, the industrial and commercial sectors in particular, to eliminate the intervention of political factors and to tap the potential of Sino-U.S. economic and trade relations. It is believed that sustained, rapid, and healthy economic growth in China will bring even more numerous and favorable trade and investment opportunities to enterprises on both sides. Looking ahead, therefore, there are bright prospects for bilateral economic and trade cooperation between the two countries.

Central Eurasia

Reportage on Belarusian President's Visit

Discusses Upcoming Visit

OW1701171995 Beijing XINHUA in English 1554
GMT 17 Jan 95

[FBIS Transcribed Text] Minsk, January 16 (XINHUA)—Belarusian President Alyaksandr Lukashenka left here today for a three-day official visit to China, his first to the country since becoming Belarusian head of state in July last year.

Speaking at the airport before his departure, Lukashenka said that China has for many years been following a strategic policy of reform and opening to the outside world, and that it will be beneficial to both countries for China and Belarus to develop full cooperation in various fields.

He described Belarus as a bridge between China and the West, and noted that his country has great potential in the field of high technology, accumulated during the time of the former Soviet Union, and urgently needed by China, a country with a huge market.

He said that the future for bilateral cooperation in the fields of the economy, trade and high-technology was bright.

Lukashenka will hold talks with Chinese president Jiang Zemin, Premier Li Peng and Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), as well as other Chinese leaders.

He is expected to sign with Chinese officials a political agreement on strengthening bilateral cooperation, an agreement on transport and an accord on eliminating double taxation.

China will be the first country outside the former Soviet Union to which Lukashenka has paid an official visit in his capacity as Belarusian president. He last visited China as a member of the country's parliament in 1993.

The relations between China and Belarus have improved rapidly in recent years, and their annual trade volume now stands at about 46 million U.S. dollars.

Jiang, Lukashenka Sign Accord

OW1701161395 Beijing XINHUA in English 1434
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA/OANA)—Chinese President Jiang Zemin and visiting Belarus President Alyaksandr Lukashenka held talks here today, with Jiang holding that Lukashenka's current visit to China will inject new vigor into bilateral relations.

In a friendly atmosphere, Jiang and Lukashenka exchanged views on bilateral relations, as well as regional and international issues of common interest.

Jiang noted that, since the two countries established diplomatic relations three years ago, bilateral relations have been developing smoothly, and the two sides have set up friendly and cooperative relations in various fields.

He continued that leaders of the two countries also keep continuous contacts, and Lukashenka's current visit to China will inject new vigor into bilateral relations.

Lukashenka said that since the two countries established diplomatic relations, there have been continuous contacts and good relations between the two sides. They have found common ground for co-operation, he added.

He said that his current visit is aimed at promoting the development of co-operation between the two countries.

Jiang said that the Chinese government attaches importance to its economic and trade relations with Belarus, holding that Belarus' better industrial and agricultural bases form an economic complementarity with China.

The two countries are conducting economic reforms, and with further development of each other's market economies, bilateral co-operation will be mainly conducted by companies and enterprises of the two sides, which requires an adjustment of structure and means of bilateral economic co-operation, as well as the quality of such co-operation, said Jiang.

He said he believes that, with more contacts between entrepreneurs of the two sides and further development of the two economies, the prospects for bilateral economic and trade co-operation will be broader.

Expressing his pleasure at China's economic achievements, Lukashenka said that Belarus is good at producing machinery and heavy-duty automobiles. He said he hoped that both sides can conduct co-operation in these fields, so as to further expand bilateral economic and trade co-operation.

Jiang pointed out that the Taiwan issue is one of principle vital to China's sovereignty and territorial integrity, as well as to the unification of China and the Chinese people.

Jiang expressed his appreciation and thanks to Belarus because it has all along abided by the relevant principles enshrined in the two communiques issued to mark the establishment of diplomatic relations between the two countries, and the Sino-Belarus joint statement. Belarus maintains that it will not have official contacts or exchanges with Taiwan.

Lukashenka stated that Belarus will, as always, support the unification of China and a "one China" policy.

Touching upon international situations, Jiang said that China and Belarus share many common points on the issue of world peace and development, and China is willing to strengthen consultations and co-operation with Belarus on international issues.

Jiang continued that, at present and for a long period in the future, including into the next century, China will concentrate on its domestic affairs and economic construction.

The Chinese people welcome the lasting stability and development in China, which is also beneficial to world peace and development, Jiang noted, Jiang said.

The two leaders also briefed each other on their respective domestic situations.

Lukashenka invited Jiang to visit Belarus at his convenience and Jiang said he hoped that he could have the opportunity to visit beautiful Belarus.

After the talks, Jiang and Lukashenka signed a joint statement on further developing and deepening co-operation between the two countries.

They also attended the signing ceremony of two agreements between the two governments which included an agreement on the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on property, and an agreement relating to civil transportation.

This evening Jiang hosted a welcoming banquet in honor of Lukashenka and his party.

Before the talks, Jiang presided over a ceremony to welcome Lukashenka.

Lukashenka arrived here this morning for a three-day state visit as guest of Jiang Zemin.

This is Lukashenka's first trip to China since he became Belarus' first president last July.

This afternoon Lukashenka and his party toured the Imperial Palace.

Defense Minister Meets Counterpart

*OW1801074395 Beijing XINHUA in English 0720
GMT 18 Jan 95*

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—Chinese Minister of National Defense General Chi Haotian held talks here earlier today with visiting

Belarussian counterpart Anatoliy Kostenko, who is accompanying the Belarussian president on his China trip.

They briefed each other on the building of the armed forces of their respective countries and expressed the common wish to expand the friendly, cooperative relations between the two countries and their armed forces.

The two sides also exchanged views on issues of common interest. Afterwards, they signed a summary of talks.

At noon today, Chi gave a luncheon in honor of the Belarussian guests.

Cao Gangchuan, deputy chief of general staff of the Chinese People's Liberation Army, was present at both the meeting and luncheon.

Northeast Asia

Foreign Ministry Spokesman on Japan's Earthquake

*OW1801105195 Beijing XINHUA in English 1043
GMT 18 Jan 95*

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—Chinese Foreign Ministry Spokesman Shen Guofang said here today that "we sincerely hope that normal order of life in the disaster area will be restored soon."

He made the remark when answering a question whether China is going to "provide emergency assistance to Japan, now that Japan has been hit by an earthquake."

"We express deep sympathy over the heavy losses of lives and property incurred in a strong earthquake in Kansai region," he said.

Chinese Premier Li Peng already sent a message to Prime Minister Murayama on the day of the quake in which he expressed solicitude to the stricken people, he noted.

Shen added that the relevant Chinese authorities and localities which have established relations with the stricken area have also extended sympathy and solicitude to the government and people of the area.

The China Red Cross Society is ready to offer help within its capability, the spokesman said.

Political & Social

Deng 'Too Weak' To Go to Shanghai for New Year

OW1701135295 Tokyo TOKYO SHIMBUN in Japanese 14 Jan 95 Morning Edition p 7

[By Norihisa Sawaki]

[FBIS Translated Text] Beijing, 3 Jan—As far as the health of China's supreme leader Deng Xiaoping is concerned, well-informed sources in Beijing said on 13 January that "he will probably spend Chinese New Year's day, which falls on 31 January, in Beijing."

For the past few years Deng has spent Chinese New Year's day in Shanghai, where the weather is mild. This year, however, he will not be able to do so because he is too weak to travel. In readiness for the post-Deng era, members of the CPC Central Committee are studying how to minimize the impact of his death.

According to the same sources, Deng's condition became critical in December and he was taken to a hospital in Beijing. Later, however, Deng returned home and there appears to have been a lull in the seriousness of his condition. However, the incident was a shock to the CPC Central Committee. It is said that the seven standing members of the Political Bureau—including President Jiang Zemin, Premier Li Peng, and Deputy Premier Minister Zhu Rongji—rushed to see Deng, and that the Central Committee has started to prepare for an emergency.

Deng's third daughter Xiao Rong (maiden name: Deng Rong), in a NEW YORK TIMES interview recently, said Deng "can neither walk nor stand up." This is an exceptional comment when compared to remarks made by others of Deng's family members, who have all said he was in "good health." It can be easily understood, then, why Xiao Rong urged everyone to be mentally prepared for his death.

Meanwhile, a photograph of Deng watching a National Day fireworks display on 1 October last year has been released. However, the LIBERATION DAILY [JIEFANG RIBAO] of Shanghai was the only major Chinese newspaper which carried the photograph. On 13 January, the BEIJING DAILY, on its front page, announced the publication of a photograph album entitled "Millions of People Are of One Mind," which contains pictures of Deng Xiaoping. The paper, however, failed to show a picture but printed instead the name of the book inscribed by President Jiang Zemin.

It could be said that this was a measure designed to restrain possible unrest in the event of Deng's death by stressing that actual power has already been transferred from Deng to the current leadership, with President Jiang Zemin as the central figure.

Hong Kong Columnist on 'Mystery' Over Deng Health

HK1801060195 Hong Kong SOUTH CHINA MORNING POST in English 18 Jan 95 p 6

[By Willy Wo-lap Lam and agencies]

[FBIS Transcribed Text] The mystery over Deng Xiaoping's health has deepened, with the Foreign Ministry disputing the remarks by his daughter Deng Rong last week that there had been a "significant decline" in his physical state. And one of Mr Deng's competitors, Yang Shangkun, has made an apparent bid for power by "doing a Deng Xiaoping act" during a tour to the Shenzhen.

Yesterday, a Foreign Ministry spokesman said Mr Deng was "generally speaking" in good health, in the first official reaction since the patriarch's daughter said his condition was deteriorating badly. "As far as we know, for an old man in his 90s, comrade Deng Xiaoping is generally speaking in good health," the spokesman said.

Ms Deng told the New York Times last Friday that the patriarch could neither stand nor walk, and that his health was declining "day by day".

Analysts pointed out that the spokesman's "denial" was less than unequivocal because of the use of qualifying phrases like "as far as we know" and "generally speaking". However, the statement, which contradicted the remarks of Ms Deng, confirmed earlier reports that the administration of President Jiang Zemin was uncomfortable with the daughter's frank interview.

Other politicians yesterday also tried to dispel anxiety about Mr Deng's health problems. Speaking in Hong Kong, Wang Jun, the businessman son of late vice-president, Wang Zhen, said Mr Deng still enjoyed good health. "At the age of 90, Deng's health is pretty good," said Mr Wang, considered one of the best-connected "princelings".

Informed sources said, however, that it was unlikely that Mr Deng could continue with his five-year-old habit of spending Lunar New Year in Shanghai. They said the authorities were making ready an excuse, which might have a detrimental effect on the country's stock exchanges.

Meanwhile, former president Mr Yang has surprised analysts by making a high-profile tour of Shenzhen. Analysts said what was most astonishing was that, during his 17-day stay, which ended last weekend, Mr Yang went to many of the same places that he and Mr Deng had gone together in early 1992. They included the foreign trade tower and the botanical garden. Mr Yang also repeated such of the patriarch's instructions as "seizing the opportunity and speeding up reform". Western diplomats said Mr Yang was trying to "buy votes" by securing the support of local leaders.

Xinhua (the New China News Agency) reported last night that senior party cadres had yesterday held a huge gathering in Beijing to mark the 60th anniversary of the Zunyi Conference, which confirmed the leadership of Mao Zedong.

'Analysis' Views Power Struggle in Party Leadership

HK1801063695 Hong Kong SOUTH CHINA MORNING POST in English 18 Jan 95 p 15

["Analysis" by Willy Wo-lap Lam: "Deathwatch Sets Off Rush for Power"]

[FBIS Transcribed Text] Unreal city, Beijing, outwardly calm, safe and prosperous, is adrift as the helmsman is away and too many would-be helmsmen get into the fray.

As the deathwatch over Deng Xiaoping's waxen figure intensifies, the knives are out in a free-for-all that seems to defy the "unity of thought" credo so carefully nurtured by President Jiang Zemin, the putative heir-apparent.

Deng Rong's interview to the New York Times last Friday [13 January], which has been banned by the domestic media, has sent shock waves through the Zhongnanhai party headquarters.

To save the fortune of the Deng household and its legions of hangers-on, the child closest to the patriarch has subtly lent her authority to overturning the verdict on two of the worst disasters in party history: the Tiananmen massacre and the Anti-Rightist Campaign of 1957.

In the interview, which was not cleared by the Politburo, Ms Deng hinted at mending fences with not just the 1,000-odd students and workers killed at the Square but the remnant followers of ousted party chief Zhao Ziyang. "That's something which will be up to those (leaders) who come afterwards," she said in reference to a "reconciliation". "It's impossible for me to know how they think." On the anti-rightist pogrom, Ms Deng indicated: "A large number of people who were made targets were actually good people."

The gauntlet has been thrown down before Mr Jiang, who, toeing the line laid by Mr Deng, was never "weak and lax" on the party's absolute correctness in the two fiascoes. Obviously, the Deng clan is aware that when the New Helmsman is no more, they have to look for support from sectors of the party other than the Jiang Clique, which has always been jealous of the perquisites of palace guards such as Ms Deng. Should the Tiananmen Square issue flare up after Mr Deng's demise, senior cadres who stand to lose include Mr Jiang, Premier Li Peng and Politburo member Chen Xitong.

Another politician closely identified with the order to shoot to kill former president Yang Shangkun has in the

past year mounted a rear-guard action against the Jiang Clique by lining up support in the regions. The nature of Mr Yang's gambit can best be understood in light of the fact that, until he broke with Mr Deng and Mr Jiang in late 1992, the 88-year-old former general had repeatedly feigned sickness to give the lie to rumours about his ambitions.

While being partly responsible for Tiananmen, Mr Yang has impressive credentials as a reformer and is considered close to Mr Zhao and other liberals. During his tours of the regions, which have invariably been snubbed by the official media, Mr Yang has been received by the most senior party and government officials. Most intriguingly, Mr Yang spent the first two weeks of the year in Shenzhen on an apparent Deng-style nanxun ("imperial tour of the south").

In words uncannily reminiscent of those used by Mr Deng when he was in Shenzhen three years ago, the party elder called on local cadres to "seize the day so as to catch up with the Four Dragons of Asia". At a time when Beijing is morbidly obsessed with the deathwatch, the message contained in the "Deng act" of Mr Yang, whose robust health has puzzled most doctors, cannot be more obvious: "I am the next Deng Xiaoping!"

Most China watchers believe that, given his hold on the party and the army, Mr Jiang should be able to hang on to power for at least 18 months after Mr Deng's death. The question haunting the observers, however, is: for a politician who is a pastmaster at skulduggery and backstabbing, the president and military commission chairman has been uncharacteristically nervous and maladroit the past year.

To the dismay of even his supporters, Mr Jiang has broken one taboo after another. The former Shanghai party chief's promotion of affiliates of the so-called Shanghai Clique has in both scale and blatancy exceeded all other efforts at faction building in party history, including the Shanghai cabal put together by the Gang of Four. However, most instances of "mountain strongholds" in the past 20 years or so, including the "Yang Clan" of army officers licked into shape by the brother of Mr Yang General Yang Baibing, have ended in the political bankruptcy of their chieftains.

Worse, not content with filling top party posts with his Shanghai-affiliated cronies, Mr Jiang has attempted perhaps the biggest no-no in Chinese politics: perpetrating factionalism in the People's Liberation Army (PLA) and the security apparatus.

Shanghai sources confirmed last week that, flushed from installing Shanghai garrison chief Ba Zhongtan as Commander of the para-military People's Armed Police, Mr Jiang recently installed a public security bureau chief of Shanghai, Wang Liping, as a Vice-Minister of Public Security. Both General Ba and Mr Wang have lacklustre records. And since his elevation, Mr Wang has been the target of innuendo about alleged "lack of administrative probity".

The worst transgression by Mr Jiang is that, not content with expanding his clique, he has been openly boasting about the strength of the Shanghai Faction in an apparent effort to strike fear into the hearts of challengers. For example, in a recent party conference, the President shocked even his aides when he asked "those comrades who have worked in Shanghai" to raise their hands.

Needless to say, regional leaders—including those from such powerhouses as Sichuan and Guangdong—who have been left out in the cold, are as angry as they are scandalized. At the closed-door party Central Committee's Fourth Plenum last autumn, quite a few "warlords" openly expressed reservations about the promotion of Wu Bangguo, another former Shanghai party secretary, to the party secretariat.

Mr Jiang then made more enemies when, without consulting the National People's Congress, whose imprimatur is needed for State Council appointments, he decided to make his protegee vice-premier.

"When Yang Shangkun or Zhao Ziyang goes to the provinces, heavyweight cadres queue up to see them," a source said. "Since arriving in Beijing last October, Wu has been cold-shouldered during his 'inspection tours' to various provinces."

In Chinese politics, an unfailing sign that no-holds-barred power struggle is about to erupt is discordant voices in the media. This is despite the fact that Mr Jiang has sought to control the press as tightly as he does the PLA.

Political analysts in Beijing are puzzled as to why the now-famous picture of Mr Deng watching the fireworks last October was first released by the semi-official China News Service [ZHONGGUO XINWEN SHE] last Wednesday. And why Shanghai's Liberation Daily [JIEFANG RIBAO], known as the mouthpiece of the Deng family, was the only mainland newspaper to run the photograph the following day.

When the end does come, the world will catch glimpses of the horror and the excitement through disparate prisms.

Leaders Celebrate Zunyi Anniversary in Beijing

Jiang, Others Attend Forum

OW1801081895 Beijing XINHUA Domestic Service in Chinese 0831 GMT 17 Jan 95

[By RENMIN RIBAO reporter Yang Zhenwu (1135 3791 2975); and XINHUA reporters Zou Aiguo (6760 1947 0948) and Zheng Qingdong (6774 1987 2639)]

[FBIS Translated Text] Beijing, 17 Jan (XINHUA)—A forum to mark the 60th anniversary of the Zunyi Conference took place at the Great Hall of the People this

morning. Jiang Zemin, Li Peng, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao and other leading comrades were present at the forum.

The Zunyi Conference, an enlarged session of the CPC Central Committee Political Bureau held in Guizhou Province's Zunyi from 15 through 17 January 1935, corrected the mistakes caused by "left" dogmatism and adventurism championed by Wang Ming, rescued the party and the Red Army at an extremely critical juncture, and steered China's revolution on to its right course. The conference was a major turning point with far-reaching significance in the CPC history.

The forum was chaired by Liu Huaqing, member of the CPC Central Committee Political Bureau, Standing Committee and vice chairman of the Central Military Commission. He said: Although the Zunyi Conference is 60 years gone, its great spirit will shine forever. The conference showed us that a party, while leading a great revolution and construction, must act firmly in merging basic Marxist theories with China's actual situation, and follow its own course without wavering; that a party must have a strong central leading collective and a core formed during the course of doing practical work; and that it must maximize its ideological and political strengths and build itself into an ideologically united, politically strong, and organizationally consolidated contingent of proletarian vanguards. Today our party is leading the whole nation in carrying on the unfinished cause of our predecessors, and to deal with problems our predecessors never encountered. Meanwhile, we are also exploring ways for future development. While our burden is heavy and the way ahead is long, we will accomplish the great cause as long as we are determined. We believe that, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, and armed with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, our party, our Army, and the people of our country certainly can surmount all the obstacles on our journey and accomplish building China into a modern socialist power—a great cause to which our revolutionary predecessors dedicated all their lives—just as our party did after the Zunyi Conference, namely leading the Red Army in crossing rivers and mountains, finishing the Long March, and leading the Army and the people to defeat enemies at home and abroad and win the revolution.

On behalf of the CPC Central Committee, Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and member of the CPC Central Committee Secretariat, expressed its wholehearted thanks and sincere respects for the proletarian revolutionaries of the older generation, veteran party members, veteran Red Army soldiers, veteran cadres, and all comrades who have contributed to the Chinese people's liberation and socialist cause.

Hu Jintao said: Our commemoration of the Zunyi Conference today and our pledge to inherit and carry on the conference's fine traditions have important immediate

significance. First, we must uphold the principle of merging basic Marxist theories with China's actual situation and follow our own course without wavering; second, we must bring into play the party's precious ideological and political strengths; and third, we must firmly strengthen party leadership and build a stronger party. Hu Jintao urged everybody to rally under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, press forward with one heart and one goal, carry on the socialist cause pioneered by revolutionaries of the older generation, and work hard to build China into a prosperous, strong, democratic, and civilized socialist country.

Speaking in his capacity as a party history researcher, Hu Sheng, vice chairman of the Chinese People's Political Consultative Conference National Committee, said: The Zunyi Conference saved the party and the Red Army at an extremely critical juncture and laid the foundation for China's revolutionary victory. Had it not been for the conference, the Red Army could not have accomplished the Long March at a time when the Kuomintang Army held such an advantageous position, and the subsequent victories in the War of Resistance Against Japan and the nationwide liberation war would be unthinkable. In a sense, the tasks to be accomplished in our socialist modernization drive today are even more formidable than those of the revolutionary period, and the situation today is even more complex. Thus, it is even more necessary for us to display the scientific and creative spirit of the exploratory and pragmatic Marxism-Leninism-Mao Zedong Thought.

Wu Xiuquan, who served as a translator at the conference, said at the forum: As a witness of that great historical turning point of the party, I can hardly stay calm whenever I think about it. The conference not only injected new life into our party and the Red Army at an extremely critical moment, it provided our party with a reliable guarantee that it could from then on merge basic Marxist theories with China's actual situation and follow its own course. The conference was held 60 years ago, but its great spirit will forever guide us communists to march forward.

Attending the meeting were Ding Guangen, Wen Jiabao, Zhang Zhen, Chen Muhua, Chi Haotian, Hong Xuezhi, Wang Shoudao, Li Desheng, Chen Xilian, Duan Junyi, Yang Yichen, Zheng Tianxiang, Liao Hansheng, Yang Chengwu, Ma Wenrui, and Wang Enmao; leading comrades of the Central Military Commission and all military headquarters; veteran comrades who participated in the Zunyi campaign; veterans of the First, Second, and Fourth Front Armies; veterans of the Northern Shaanxi Army; veterans who persisted in carrying out guerrilla warfare in various bastions and in carrying out underground operations in Kuomintang-controlled areas; and persons in charge of central party, government, and military departments and mass organizations.

The forum was cosponsored by the CPC Central Committee General Office, the Central Propaganda Department, the Central Party Literature Research Center, the Central Party History Research Center, and the General Political Headquarters of the People's Liberation Army.

Hu Jintao Delivers Speech

OW1701165795 Beijing XINHUA Domestic Service in Chinese 0952 GMT 17 Jan 95

["Speech by Hu Jintao at a Forum Marking the 60th Anniversary of the Zunyi Conference" in Beijing on 17 January]

[FBIS Translated Text] Beijing, 17 Jan (XINHUA)—Comrades: Today we happily gather here to ceremoniously commemorate the 60th anniversary of the Zunyi Conference. On this solemn, commemorative occasion, the whole party, the whole Army, and the people of all nationalities throughout the country cherish with profound sentiments the memory of the glorious achievements by martyrs who sacrificed their lives in various stages of revolution and construction in China. On behalf of the party Central Committee, I express heartfelt gratitude and sincere tribute to the older-generation proletarian revolutionaries, veteran party members, veteran Red Army soldiers, and veteran cadres who are still living and in good health today; as well as to comrades who have contributed to the cause of the Chinese people's liberation and the cause of socialism in China.

Six decades ago, the party Central Committee convened the Zunyi Conference during the Long March to correct the mistakes of "left"-leaning dogmatism and adventurism represented by Wang Ming, thereby saving the party and the Red Army and setting right the course of Chinese revolution at an extremely crucial moment. This is a great turning point with far-reaching significance in the history of our party.

The Zunyi Conference, first and foremost, solved the most pressing issue concerning the military line at that time. In the struggle against the [Kuomintang's] fifth "encirclement and suppression" campaign, "left"-leaning adventurists negated the correct view represented by Comrade Mao Zedong, and pursued an erroneous military line, thus pushing the party and the Red Army to an extremely precarious position. The conference reaffirmed Comrade Mao Zedong's correct view and repudiated serious mistakes of Wang Ming's "left"-leaning adventurism in directing military affairs and in abolishing organizational collective leadership. The conference resolution pointed out: "The party has bravely exposed such mistakes and has educated itself by learning from the mistakes, and has learned how to more effectively lead the revolutionary war until the final victory. The exposure of such mistakes has not weakened but rather strengthened the party." The conference called on all party comrades to rally around the Central Committee and to fight for its general line until the end.

The Zunyi Conference's most important historical contributions are reflected in that it marked the beginning of the establishment in the whole party of the basic principle of integrating the basic tenets of Marxism with the concrete practice of revolution in China to solve independently major issues in Chinese revolution; the beginning of the formation of the first-generation central leading collective with Comrade Mao Zedong as the core to ensure the implementation of the party's Marxist line; and the beginning of fundamental changes in the anomaly of inner-party life to provide the invaluable experience for setting up the correct leadership system and safeguarding the party's unity and solidarity according to the principle of democratic centralism. Following the conference, the CPC and Red Army repeatedly smashed the Kuomintang's encirclement, pursuit, interception, and attack; surmounted difficulties and obstacles; overcame Zhang Guotao's splittism; and triumphantly completed the Long March, thereby laying the foundation for the victory of Chinese revolution.

The conference's most valuable historical experience lies in that to become an ideologically unified, politically sturdy, and organizationally consolidated proletarian political party, and to guide the Chinese revolution to victory, our party must follow the correct Marxist line and must have a powerful central leading collective and core which is formed in the course of practice. Only such a powerful leading collective and core can ensure the correctness of the party's line ideologically, politically, and organizationally; can achieve a high degree of unification and vigorous unity in the whole party; can maintain the party's flesh-and-blood ties with the masses; and can imbue the party with the strong vitality and creativity to tide over any difficulty. The party's first-generation central leading collective with Comrade Mao Zedong as the core formulated and developed, based on the basic tenets of Marxism, Mao Zedong Thought by summarizing in theory a series of unique experiences in China's protracted revolutionary practice. Under the guidance of Mao Zedong Thought, the party and the people went through extreme hardships and difficulties, won the victory of the Chinese revolution, established the basic socialist system, and ushered in a great era of socialist construction in the history of the Chinese nation.

Following the Third Plenary Session of the 11th CPC Central Committee, the second-generation central leading collective, with Comrade Deng Xiaoping as the core, led all party comrades and the people all over the country in correcting mistakes of the "Great Cultural Revolution" and opening up a new period of socialist modernization in China, epitomized mainly by reform and opening up, thereby bringing about yet another great turning point in the history of the party. The greatest achievements scored by the party in this new period are the formation and development of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the establishment of the basic line of "one center, two basic points," and the successful discovery of the correct road for building socialism in

China. China has scored achievements of world interest in building socialism, thus pushing the country's productive forces, overall national strength, and the people's livelihood to a new height. The socialist China has revealed its vigorous vitality and powerful strength amid rapid changes abroad.

At present, our party, led by the third-generation central leading collective with Comrade Jiang Zemin as the core, is continuously stepping up work in domestic and foreign affairs and promoting reform, opening up, and the modernization drive in a planned and orderly way, in order to achieve the second-phase strategic goal of prosperity and to initiate a socialist market economic structure before the end of this century so as to lay more solid foundations and a more favorable international environment for China to usher in the 21st century. The whole country enjoys political stability, unity between nationalities, economic growth, and social advancement. In spite of quite a few contradictions and difficulties on the road of advance and of arduous tasks, our future is bright. We are full of confidence in tomorrow. The past and the present have time and again shown that the party's correct line and strong central leading collective and core are the basic guarantee for the strength and prosperity of our country and people.

In commemorating the Zunyi Conference today, inheriting and carrying forward its fine traditions are of great practical significance.

First, we must adhere to the principle of integrating the basic tenets of Marxism with China's concrete conditions in steadfastly taking our own road. The Chinese nation can be rejuvenated and the socialist modernization drive can be accomplished only by taking Marxism as our guide, by proceeding from realities in China, and by relying on our own strength while actively drawing points of reference from other countries' useful experiences; we should by no means mechanically copy other countries' models. After several decades' of assiduous searching, our party has decided to take the road of building socialism with Chinese characteristics. This road upholds the basic principles of socialism while allowing us to develop with our own special characteristics; and it is different from other socialist countries' roads of development, much more from the capitalist countries' roads of development. We must study in depth Marxism-Leninism-Mao Zedong Thought, especially Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The theory of building socialism with Chinese characteristics—which has inherited, enriched, and developed Mao Zedong Thought—is the Marxism of contemporary China, the powerful spiritual pillar of support for the rejuvenation and development of our nation, and the compass guiding our cause of socialism to advance continuously. At present, a campaign to study the theory of building socialism with Chinese characteristics has been launched in depth in the whole party. We must unswervingly carry out the strategic task of arming the entire party membership with this theory, strive to enhance the consciousness

and steadfastness in implementing the party's basic line, persist in taking economic construction as the central task, develop a socialist market economy, expand socialist democracy, promote the building of socialist spiritual civilization, and constantly press forward reform, opening up, and the socialist modernization drive.

Second, we must make full use of the party's invaluable ideological and political advantages. The party's ideological and political advantages, as embodied in the Zunyi Conference, mean precisely the revolutionary ideals and strong conviction that cannot be shaken under any circumstances, the indomitable will and fighting spirit for surmounting all obstacles, and the strong unity and iron discipline of the whole party based on Marxism. The socialist modernization drive that we are engaged in is a pioneering undertaking, during which we are bound to experience difficulties and risks of one kind or another and to encounter new problems never faced by our predecessors. Bringing into full play the party's ideological and political advantages has been—in the past, at present, and in the future—an indispensable powerful spiritual motive force for us to tide us over difficulties and dangers, to solve new problems, and to score new achievements. We must continue to deepen education in patriotism, collectivism, and socialism; must firmly foster noble ideals, must strengthen our conviction in taking the road of socialism with Chinese characteristics, and must persist unswervingly in the party's basic line for 100 years. The party's unity is the foundation of unity among the people of the whole country. All party comrades, especially leading comrades at all levels, must consciously safeguard the party's unity by always maintaining flesh-and-blood ties with the masses, earnestly listening to their opinions, caring about their hardships, sincerely solving practical problems for them, respecting their creativity, and uniting and leading them in striving to realize the party's gigantic goal.

Third, we must effectively strengthen party leadership and party building. The key to successfully carrying out work in China and to making the country strong and prosperous lies in our party. The people of all nationalities throughout the country have placed their hopes on our party. We must, in keeping with the demands of reform, opening up, and modernization construction, strive to build our party into a Marxist political party that is armed with the theory of building socialism with Chinese characteristics; that serves the people wholeheartedly; that is consolidated ideologically, politically, and organizationally; that is capable of withstanding risks; and that always marches in the van of the times. While relentlessly promoting the party's ideological building and improving party work style, we must further strengthen the party's organizational building, must persist in and perfect democratic centralism, must build up the party's grass-roots organization, and must vigorously train and select leading cadres with both political integrity and ability. We are convinced that when the new great project on party building is successfully carried

out, we will be able to triumphantly accomplish the tasks of reform, opening up, and socialist modernization—a new great revolution.

Comrades, let us, to be led by the party Central Committee with Comrade Jiang Zemin as the core, work with one heart and one mind, blaze new trails, carry forward the cause of socialism pioneered by the older-generation proletarian revolutionaries, and strive to build China into a strong, prosperous, democratic, and civilized socialist country!

Yao Yilin's Work, Life Noted

HK1601150295 Hong Kong HSIN PAO in Chinese
16 Dec 94 p 27

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429); 14 December 1994 in Beijing: "Yao Yilin Through Deng Xiaoping's Eyes"]

[FBIS Transcribed Text] Yao Yilin, former CPC Politburo Standing Committee member and vice-premier of the State Council, died of illness in Beijing on 11 December 1994, aged 77. An obituary on his death was jointly published by the CPC Central Committee, the National People's Congress Standing Committee, the State Council, and the Chinese People's Political Consultative Conference, describing "Yao as an excellent leader of the party and the state, an outstanding proletarian revolutionary, and an eminent leader of China's economic work" and declaring that "Yao had made great contributions to reform, opening up, and the socialist modernization program."

People overseas, however, have always regarded Yao as a conservative serving the "birdcage economy" advocated by Chen Yun. According to well-informed sources, Beijing's political and economic circles think that, although he did a lot for the Chinese revolution and construction, Yao was by no means an ideologically emancipated liberal figure. To put it more bluntly, although he was promoted to be a core member of the CPC's decisionmaking body in his later years, he was not one who could be trusted by Deng Xiaoping in pushing China into a socialist market economy system. His death, therefore, will not cause any shocks in China.

Good at Managing Economy But Limited in Ideas

Yao, born in 1917 in Guichi County, Anhui Province, was admitted to Beijing's Qinghua University in 1934, majoring in chemistry. He joined the CPC in 1935 while studying at the university and became one of the leading organizers of the December 9 Students Movement. On the whole, he had a successful career. After the CPC established its government in 1949, Yao had been in a succession of offices, assuming the posts of vice minister of the Ministry of Trade and deputy secretary of its party group; vice minister of the Ministry of Commerce and deputy secretary of its party group; deputy head of the Central Work Department of Finance and Trade; deputy

director of the State Council Finance and Trade Office; minister of the Ministry of Commerce and secretary of its party group; head of the political department of the Central Work Department of Finance and Trade; deputy secretary of the State Council Finance and Trade CPC Committee; vice-secretary general of the party Central Committee; director of the Central General Office; secretary general of the State Council Financial and Economic Committee; vice-premier of the State Council; minister of the State Planning Commission and secretary of its party group; deputy head of the Central Leading Group for Finance and Economy; head of the Central Leading Group for the Introduction of Talented Personnel; and a member of the Politburo Standing Committee of the CPC Central Committee until he retired in 1992. Because of the many posts he held in connection with finance and trade, he was regarded as one of the leading members in economic work.

According to a well-informed source, Yao emphasized readjustment and rectification in leading the economic work. From 1989 to 1991, as a Politburo Standing Committee member and concurrently State Council vice-premier in charge of day-to-day affairs, he assisted Premier Li Peng in the three-year-long improvement and rectification. When inspecting south China in early 1992, Deng Xiaoping commented on this: "I am in favor of improvement and rectification and there was indeed a need for it. Economic overheating did give rise to some problems." "Some achievements have been made in improving the economic environment and rectifying the economic order but, in assessing its contribution, this can only be regarded as the contribution of being steady. Can the accelerated development in those five years (from 1984 to 1988) also be regarded as a contribution or at least as an aspect of the contribution? Had it not been for the big leap in those years, which pushed our economy onto a new step, the three-year improvement and rectification could not have been conducted smoothly."

Obviously, in Deng Xiaoping's opinion, there is the necessity in developing a large country like China, to develop the economy at a quicker speed. It will not do to keep growing at a safe and steady pace. Development is the last word. Not daring to emancipate the mind would spell losing the opportunities. A boat sailing against the current must forge ahead or it will be driven back. From the abovementioned example, we can see the limitations of Yao Yilin's thinking.

Yao Was Criticized by Deng for Upholding the Birdcage Economy

The well-informed source added that, although Yao held as high a position as a member of the Politburo Standing Committee of the CPC Central Committee, his abilities and work style were not appreciated by Deng. After the downfall of Zhao Ziyang because of the 4 June disturbance in 1989, Deng and other party elders decided to promote Jiang Zemin to the position of secretary general

of the party Central Committee and made clear that Jiang was the core of the party's third-generation leading body. For fear that Yao and Li Peng, another member of the Politburo Standing Committee, would not be convinced of the decision, Deng had a talk with the two before the convening of the Fourth Plenary Session of the 13th Central committee, giving them two pieces of advice: First, they should conscientiously support Jiang as the core and not take it amiss or form any small coterie and second, it is necessary to continue to carry out the line, principles, and policies which have been pursued ever since the Third Plenary Session of the 11th Central Committee, without even altering the wording. Deng especially emphasized that "not a single word is to be altered since the political report of the 13th party congress has been approved by the party congress. I have solicited opinions from Comrades Li Xiannian and Chen Yun and they agree with me."

But Yao did not seem to take Deng's admonition seriously. In September 1990, the second draft of the 10-year plan and the Eighth Five-Year Plan, drawn up under Yao's guidance, was voted down at the national conference of governors because the draft favored the revival of the planned economy. For that Deng criticized Yao, saying: "I already told you as early as in 1989 that not a single word of the political report of the 13th party congress was to be altered but now you have belittled the resolution of that congress." Yao contended that he had no alternative but to have done so under the present circumstances. As a result, Deng excluded Yao from further participation in the drafting work for the two plans. Since then, Yao has seldom made an appearance. It was rumored abroad that Yao had been seriously ill when, in fact, he had not "cheered up" after being criticized by Deng.

Since the first and second drafts of the two plans had been vetoed, Deng said to Jiang Zemin: "You should also grasp the economic work as general secretary." That was both criticism of and support for, Jiang.

In the view of people in Beijing economic circles, this event shows that Deng, after more than a year's observation, had discerned that Yao was not someone he could depend on in pursuing reform and the policy of opening to the outside world. Deng had to look for somebody else.

According to the source, Deng actually took several important measures after what had happened.

First, the convening of the Seventh Plenary Session of the 13th Central Committee was postponed until the end of December 1990, which was disclosed via Li Ruihuan, a member of the Politburo Standing Committee of the CPC Central Committee.

Second, he requested that the content of reform be added to the two economic plans.

Third, Chen Jinhua was promoted as concurrently minister of the State Commission for Restructuring the

Economy, in place of Li Peng, to assist in writing the third draft of the two economic plans.

Fourth, he set the tone for the Seventh Plenary Session and asked Jiang to pass on his "new theory on cats" in the course of the session: "We cannot say that a planned economy is socialist economy nor can we say that a market economy is capitalist economy." This new theory provided a theoretical weapon to break away from the theory of "birdcage economy" publicized on a large scale by RENMIN RIBAO at that time and to develop market economy.

Fifth, after consultations with other party elders, he abruptly decided on the eve of the Fourth Session of the Seventh National People's Congress in late March of 1991 that, to use the method of "only letting in but not letting out" to promote Zhu Rongji, Zou Jiahua, and Qian Qichen into entering the leading body of the State Council as vice-premiers.

A person in Beijing political circles observed that the decision to promote Zhu, Zou, and Qian was a carefully worked plan by Deng with a view to opening up a new situation in reform and opening up, reforming the image of the heads of government, and consolidating Jiang's position as the core and perfecting the Jiang structure. It also showed Deng had given much thought to breaking Li's domination of the State Council.

This person added that the series of actions taken by Deng, in fact, nurtured his strategy, which later materialized, of having Zhu Rongji replace Yao as vice premier in charge of day-to-day affairs. Obviously, Yao was a man for stabilizing the economy rather than one for initiating a new economic situation.

Activities of State Councillor Peng Peiyun Noted

Addresses Public Health Meeting

OW1701160795 Beijing XINHUA in English 1451
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China's public health work has developed steadily during the past year.

Statistics released at a meeting of national public health officials, which opened here today, showed that in 1994 China had 67,900 hospitals, 7,100 more than in 1993. Last year China built 49 new hospitals at and above the county level and over 6,900 new township hospitals.

China had more than 2.83 million hospital beds in 1994, 37,000 more than in 1993. It had nearly 4.2 million medical workers, of which the number of senior medical workers increased by 160,000 compared with 1993.

According to an official from the Ministry of Public Health, China's rural medical care network has been further developed in recent years. In 1994 China had over 2,060 county hospitals, 1,600 health centers for women and children, and 1,700 epidemic-prevention

stations at the county level, and nearly 52,000 town hospitals. To date, about 89 percent of the villages have established clinics.

Statistics show that China's maternal and child health care improved in 1994. Now China has over 330 health institutes for women and children, nearly 50 hospitals for gynecology and obstetrics, 35 children's hospitals and more than 2,800 mother-and-child health care organizations.

Since 1988 more than 95 percent of one-year-old children in the country have been inoculated against polio, measles and other diseases, according to the statistics.

State Councillor Peng Peiyun told the meeting that China's maternal and child health care has made great achievements in recent years. However, its development is still imbalanced among different areas. She urged governments at all levels to include mother and child medical care in their social and economic development programs.

The Chinese public health departments will further promote the development of rural medical care and maternal and child health care in the next few years, said Minister of Public Health Chen Minzhang. Meanwhile, they will continue their efforts to prevent diseases and meet the people's requirements for medical services, Chen said.

Lauds Jiangxi's Medical Insurance

HK1801084395 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 9 Jan 95

[FBIS Translated Excerpt] From 6 to 9 January, in the company of Vice Governor Shu Shengyou, a member of the provincial party committee standing committee, State Councillor Peng Peiyun and her party, including Xu Zhijian, deputy secretary general of the State Council, Minister of Public Health Chen Minzhang, and Liu Zhifeng, vice minister of the State Commission for Restructuring the Economy, inspected experimental employee medical insurance reform in Jiujiang City. After that, they gave a fully affirmative response to it.

Peng Peiyun said: The Jiujiang City party committee and the city government have done a lot of fruitful work, and a new system of employee medical insurance has begun to operate. It proves that the direction and policy of the party Central Committee and the State Council on the reform of the employee medical insurance system is correct and is supported by vast numbers of workers and staff in Jiujiang City. I want all of you to constantly sum up experience through practice to bring about steady improvement in the new employee medical insurance system. [passage omitted]

During their inspection of Jiujiang, Peng Peiyun and her party went down to the grass roots and called four forums with different sectors. Peng Peiyun said after listening to the attendees' opinions: The new system of

employee medical insurance in Jiujiang has functioned normally since its inception, but all sorts of problems will definitely arise as reform is deepened. Hence, we must more intensively investigate and study the situation through practice and discover problems and solutions in good time to bring steady improvement in the new system.

Xu Zhijian, Chen Minzhang, and Liu Zhifeng and other leading comrades also set forth their views and demands on how to further improve experimental medical reform in Jiujiang City.

On behalf of the provincial party committee and the provincial government, Shu Shengyou expressed thanks to Peng Peiyun and her party for their inspection trip to Jiangxi. He said: We must have an even stronger sense of mission and glory to accomplish our experiment in the employee medical insurance system. We must take the encouragement extended to us by leading comrades of State Council ministries and commissions as the driving force to implement the spirit of the State Council's four opinions on reforming the employee medical insurance system, to strengthen our leadership, to make persistent efforts to conduct propaganda and education, to supervise it more intensively, to insist on investigating and studying the situation, to constantly perfect the new employee medical insurance system, and to fulfill the experimental employee medical insurance reform entrusted to us by the State Council.

Provincial party Secretary Mao Zhiyong, deputy provincial party secretary and Governor Wu Guanzheng, deputy provincial party secretary Lu Xiuzhen, and Huang Zhiqian and (Cai Lanchang), members of the provincial party committee standing committee and vice governors, called on Comrade Peng Peiyun and her party.

Labor Minister Views Reform of Pension System

OW1801042195 Beijing XINHUA in English 0410
GMT 18 Jan 95

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—China has made good headway in reforming its pension system, with the establishment of retirement insurance funds coming from the government, workers and enterprises, a top government official said here today.

Minister of Labor Li Boyong said that reform of the system has eased the burden on state-run enterprises, and has thus made it more suited to the operation of the socialist market economy.

In 1994 a total of 79.41 million workers and 18 million retired came to be covered by the insurance system, and pension funds grew by 51 billion yuan (about six billion U.S. dollars). To date, pension funds now total about 28.8 billion yuan.

Li said that 60 million workers all over the country are participating in retirement insurance. The retirement insurance funds usually account for two to three percent of a worker's income.

A network governing the administration of pensions has been formed in China, with pensions directly distributed by insurance agencies or banks in over 1,300 cities and counties, said the minister.

Minister Calls For Greater Cultural Successes

OW1701174195 Beijing XINHUA in English 1314
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China's culture minister called for a further improvement of the culture market in 1995 while claiming that overall progress was made in the arts and literature last year.

Minister of Culture Liu Zhongde told an annual national culture working conference which opened here today that all artists in 1995 should be armed with the theory of building socialism with Chinese characteristics.

And cultural reform must be pushed ahead, he emphasized.

He said that success has been achieved in combating illegal cultural activities featuring pornographic and violent elements, adding that the artistic stage has become clean, and this has paved the way for a revival of the higher arts and traditional performances.

However, Liu, also a deputy head of the Propaganda Department of the Chinese Communist Party Central Committee, pointed out that there exist problems that "nobody can turn a blind eye to". He cited a shortage of funds for culture, lack of cultural activities in the rural areas, and a dearth of masterpieces in film, television and literary creation.

He suggested that artistic troupes be run by both the state and private bodies, and that the personnel system of state-backed troupes be reformed.

The Culture Market Management Law is expected to be drafted this year, the minister remarked. "And we will tighten law enforcement to make the culture market cleaner," he said.

The ministry is setting up a nationwide network to monitor the culture market following the introduction of a licensing system, and a year-end examination system to regulate the culture market.

This year the government will also exert tight control over electronic game machines used for gambling purposes, Liu said.

He also urged fierce crackdowns on antique thefts and that various other means be adopted to protect China's relics.

Editorial Report on New Role Model Han Suyun *OW1601044595*

[FBIS Editorial report] From 4 to 14 January, PRC media—including Beijing XINHUA Domestic Service in Chinese, Beijing Central Television Program One Network in Mandarin, and the Beijing Central People's Radio Network in Mandarin—has carried many reports publicizing the good deeds of a military dependent, Han Suyun, and identifying her as a "good military wife."

Beijing XINHUA Domestic Service in Chinese at 0724 GMT on 4 January carries a 5,319-character newsletter by RENMIN RIBAO and XINHUA reporters. Entitled "An Ode to Love—Stories of a Good Military Wife and the Many Good-Hearted People," the newsletter tells the story of Han, a young woman from a small Shandong village, who defied her parents' objections and neighbors' gossip and went to live in her fiancé's house to take care of his family members including his parents, grandmother, sister-in-law, and a twin sister—all but one are sick in one way or another—so that her fiancé, Ni Xiaowu, can serve in the military without worries.

The newsletter carries short stories about Han's care for the sick family members, her care of the family's crop land, her efforts in preparing for her blind brother-in-law's wedding, and her hard work in operating a small business to make the necessary money. According to the newsletter, because of his wife's undivided attention to his family, Ni rose from being a rank-and-file soldier to an "outstanding border defense officer."

The newsletter also carries stories about the development of cancer in Han's leg bones and the generous financial and material assistance Han received from her husband's military unit, and the many kind-hearted people in Guangdong, Guangxi, and Shandong, as well as the best and free medical treatment and surgery from a Guangzhou hospital.

Beijing XINHUA Domestic Service in Chinese at 0909 GMT on 6 January carries a 330-character report by RENMIN RIBAO and XINHUA reporters on comments by Luo Gan, state councillor and State Council secretary general, who hails Han Suyun as the "paradigm of patriotism." The report quotes Luo as saying: "Han Suyun's patriotism and support for the military, and the masses' care and love for her reflect the spirit of our time. To foster ethical conduct, we should continue to discover, sum up, and promote similar mutual-support examples who love the party, the motherland, the people, and the people's armed forces."

Beijing XINHUA Domestic Service in Chinese at 0501 GMT on 7 January carries a XINHUA reporter's 227-character report, saying that a videotape of stories about Han's patriotism and support for the military has been produced, and is available in the market.

Beijing XINHUA Domestic Service in Chinese at 1338 GMT on 9 January carries a "special feature" by

RENMIN RIBAO and XINHUA reporters on Han Suyun visiting Beijing. The feature highlights Han's homage to Mao's remains, her tour of the Tiananmen rostrum and the monument of people's heroes, and the welcome and honor she received from the people in Beijing.

Beijing XINHUA Domestic Service in Chinese at 0858 GMT on 10 January carries a 851-character report by RENMIN RIBAO and XINHUA reporters on a meeting between Han and a 85-year-old woman and former Red Army soldier in Beijing. The report says that, since 4 January, over 10,000 have heard reports made by Han at meetings sponsored by the CPC Central Committee Propaganda Department, the People's Liberation Army [PLA] General Political Department, and the All-China Women's Federation. According to the report, many people were moved by Han's deeds which they said reflected the "perfect unity of love for one's kin, family, the armed forces, and the country."

Beijing XINHUA Domestic Service in Chinese at 1035 GMT on 11 January carries a 1,060-character report by RENMIN RIBAO and XINHUA reporters on a meeting called by 10 journalistic units in Beijing—RENMIN RIBAO, XINHUA News Agency, Central People's Radio Network, Central Television Network, GUANGMING RIBAO, JIEFANGJUN BAO, ZHONGGUO QINGNIAN BAO, ZHONGGUO FUNU BAO, NONGMIN RIBAO, and BEIJING RIBAO—to discuss emulation of Han's patriotism. The report quotes Zhang Jingming, an official of a State Council department in charge of administrative affairs, as saying that "Han Suyun's selfless dedication observed from the unity of her love for the country, the armed forces, and her kin is the development and extension of the Lei Feng spirit under the new situation, and the merger of the spirit of the time and the traditional virtues of the Chinese nation." He adds that the people, society, and the times need such a spirit.

The report quotes RENMIN RIBAO Deputy Chief Editor Zhang Fusheng and XINHUA Deputy Director Gao Qiufu as saying that Han's deeds show that even ordinary people can perform extraordinary services.

Beijing XINHUA Domestic Service in Chinese at 1119 GMT on 12 January carries a 606-character report, saying that the All-China Women's Federation, in a circular it issued "recently," exhorts the vast number of women in the country to emulate the deeds of "Han Suyun and the progressive, patriotic, and army-supporting collectives in promoting the patriotic theme, to do a good job in supporting the military during the new period, and to make new contributions to the great cause of building socialism with Chinese characteristics."

In its circular, the federation urges all military wives in the country to emulate Han Suyun, carry forward the glorious tradition of loving the country and supporting the military, support their husbands' careers in the military, support military construction and national

defense, and join their husbands in defending the country "with love and dedication."

Beijing XINHUA Domestic Service in Chinese at 0731 GMT on 14 January carries an 817-character report by RENMIN RIBAO and XINHUA reporters, saying that Han Suyun's patriotism and her support for the military have triggered "strong response" in society, and that "activities of 'emulating Han Suyun and striving to become patriots' are being extensively carried out all over the country."

The report says that major journalistic units, Han's home town, and her husband's military unit have received numerous letters, telegrams, and telephone calls from people of all circles, including countrymen in Hong Kong, Macao and Taiwan, praising Han's patriotism and her support for the military. The report says that many callers have pledged to follow Han's example and will turn their love for the country into "concrete patriotic deeds."

Regarding the patriotic deeds, the report mentions the enthusiasm demonstrated by people in Han's home, Shandong's Wenshang County, in selling cotton to the state. It says the county has overfulfilled its state quota by selling more than 330,000 dan of ginned cotton to the state. The report adds that good deeds of treating elderly people kindly and promoting good neighborliness are emerging from among the 3 million women in Guangzhou. The report also notes that 46 other military wives in Guangxi have been commended for "not complaining about family problems but supporting their husbands in guarding border areas" as Han Suyun has done.

Beijing XINHUA Domestic Service in Chinese at 1554 GMT on 14 January carries a "special feature report" dispatched by a XINHUA correspondent and a RENMIN RIBAO reporter from Jinan, reporting that, when Han Suyun and other members of the group assigned to report the good deeds of Han, as well as those of advanced collectives arrived in Jinan, capital of Shandong, on 12 January, they were accorded a rousing welcome by well wishers at the train station.

The report notes that Zhang Taiheng, commander of the PLA Jinan Military Region, braved the freezing cold and visited Han and the group members. Holding Han's hands, Zhang reportedly said to Han: "You are the pride of the people in Shandong and the glory of our armed forces. On behalf of all officers and men of the Jinan Military Region, I salute you!"

The report adds that at a meeting with Han and the group members, Zhao Zhihao, secretary of the Shandong Provincial Party Committee and provincial governor, said: "People in Shandong are very proud of the fact that Han Suyun is a native of Shandong. Everybody in Shandong now knows of her deeds. Your arrival will certainly promote Shandong's material and spiritual construction."

Beijing Central Television Network in Mandarin at 1103 GMT on 4 January carries the first part of a video report about the arrival in Beijing of Han Suyun, and representatives of the units that helped her, to attend a meeting called by the CPC Central Committee Propaganda Department, the PLA General Political Department, and the All-China Women's Federation to report her support for the military. The 4.5 minute video report shows clips of village life and carries reporters' brief interviews with Han's relatives, some villagers, and a doctor about Han's selfless dedication to her fiancé's family. It also carries announcer's narrations about the assistance which people in Guangzhou extended to Han when she had cancer in her legs.

Beijing Central Television Network in Mandarin at 1105 GMT on 5 January carries the second part of a video report about the "good military wife" Han Suyun. The 4-minute video report describes the generous support people of all walks of life in Guangzhou extended to Han when she succumbed to bone cancer; and it shows interviews with people who requested and approved free medical treatment for Han, footage of people in Guangzhou who visited the bedridden Han in a hospital and gave her money, footage of young people helping Han clean house and pushing her in a wheelchair, footage of people in Guangzhou putting money in a donation box, footage of a woman preparing food for Han, and footage of hospital staff helping Han undergo rehabilitation of her legs.

Beijing Central Television Network in Mandarin at 1110 GMT on 6 January carries the third part of the video report relevant to Han Suyun. The 2.5-minute video report features the life of Han's husband, Ni Xiaowu, a company-level teaching officer in a border defense unit in Guangxi. When interviewed by a reporter, Ni attributes much of his military awards to his wife's support. When the narrator reports Ni's good performance in the military, video shows footage of a meeting called by the Guangzhou Military Region to hear a report about Han's support for the military, footage of a support-army campaign initiated by the Guangzhou Women's Federation, footage of farmers in Shandong emulating Han's support for the military by selling "patriotic cotton" to the state, footage of a play describing Han's patriotism, and footage of Han and Ni attending a flag raising ceremony at Tiananmen Square.

Beijing Central Television Network in Mandarin at 1100 GMT on 7 January, in its regular "National News Hookup" program, broadcasts an under-minute report over video on how soldiers in the Guangxi border unit where Han's husband is stationed responded to news reports on Han Suyun's deeds. The report says 43 cadres in a certain regiment who had asked to be transferred changed their minds after hearing reports on Han's deeds, and "threw themselves heart and soul" into their work. The report goes on to say that three military wives who came to visit the border troops from Guangxi "voluntarily asked to be allowed to work at the border so

that they could use their practical actions to support their husbands in garrisoning the border."

Beijing Central Television Network in Mandarin at 1100 GMT on 12 January, in its regular "National News Hookup" program, broadcasts an under-minute announcer-read report on the All-China Women's Federation's "recent" circular on learning from Han Suyun. The report quotes the circular as urging military wives across the country to "join their husbands in defending the country with love and dedication." Immediately following this report, the station broadcasts a 1.5-minute report over video on Han Suyun becoming a household word in her hometown, Jining, in Shandong Province. The report features interviews with some people, including the secretary of the Jinin city party committee, who says: "I think Han Suyun's self-sacrifice shows the greatness of an ordinary person."

Beijing Central Television Network in Mandarin at 1310 GMT on 8 January broadcasts a 49-minute report over video on a meeting held to report on Han's deeds. According to a station announcement in the regular "National News Hookup" program at 1100 GMT on the same day, the report is composed of recorded footage from the scene. While the date and place of the meeting are not given, it apparently is the same meeting that was held in Beijing on 4 January (see following item), judging by the presence of Yu Yongbo and Liu Yunshan. Han is the first to speak at the meeting, recounting her life story at great length in her 21-minute, sob-filled speech, the details of which are covered by the newsletter transmitted by XINHUA at 0724 GMT on 4 January. Speaking next, Han's husband, Ni Xiaowu, devotes 15 minutes to recalling how Han encouraged and supported him before and after their marriage, how she endured her leg cancer stoically, how he regretted having treated her cancer lightly before it was diagnosed as cancer, and how he rejected her suggestion that she leave his family to spare them the high medical costs needed for her cancer treatment. The last speaker is Liu Zhendong, director of the Guangzhou hospital where Han Suyun was treated free of charge. In his 13-minute speech, he recounted why he decided to offer Han free medical treatment after learning of her situation, how people enthusiastically donated cash to Han and visited her in the hospital, how nurses at the hospital took good care of Han, and how the doctors performed a difficult operation on Han.

Beijing Central People's Radio Network in Mandarin at 1030 GMT on 4 January, in its regular "National Hookup" program, broadcasts a 2.5-minute report on a meeting held in Beijing on 4 January to report on Han Suyun's deeds. The report says that before the meeting, Yu Yongbo, member of the Central Military Commission and director of the People's Liberation Army General Political Department, met with members of the reporting group. The report says Yu Yongbo and Liu Yunshan, deputy director of the CPC Central Committee's Propaganda Department, attended and spoke at the meeting. The report quotes them as urging people in the

military and society to "further promote the spirit of patriotism and dedication."

Beijing Central People's Radio Network in Mandarin at 2230 GMT on 4 January, in its regular "News and Press Review" program, broadcasts the five-minute first part of a two-part newsletter on Han Suyun written by Central People's Broadcasting Station reporters. The newsletter begins with episodes that took place 12 years ago, when Han's then-boyfriend Ni Xiaowu joined the military, going on to recount her marriage to Ni in 1988, her unstinting devotion to her husband's family, and her affliction with leg cancer.

Beijing Central People's Radio Network in Mandarin at 2230 GMT on 4 January, in its regular "News and Press Review" program, broadcasts the five-minute second and last part of a two-part newsletter on Han Suyun. The newsletter details how Han's disease prompted a cash-donation drive in the military unit where her husband is stationed, how doctors at a Guangzhou hospital were moved to offer her free medical treatment and surgery following reports on her plight, how the public zealously made financial and material contributions to Han, how the folk in her home town helped build new houses for the Ni family, and how local militiamen helped tend the family's plots while Han and her husband were away in Guangzhou.

Beijing Central People's Radio Network in Mandarin at 1030 GMT on 4 January, in its regular "National Hookup" program, broadcasts an under-minute report on a meeting held by the State Administration of Traditional Chinese Medicine in Beijing on 6 January to commend the Guangzhou hospital that had treated Han's cancer free of charge. According to the report, the hospital was awarded the title "Advanced Collective in Spiritual Civilization."

Beijing Central People's Radio Network in Mandarin at 2230 GMT on 6 January, in its regular "News and Press Review" program, broadcasts a 4.5-minute recorded "recent" interview by Central People's Broadcasting Station with Han Suyun and her husband. In the interview, Han says that she is recuperating "very well." She also defines the meaning of patriotism, saying that "if one cannot do well what one ought to do, any talk of patriotism will be empty." In the interview, Han's husband, Ni Xiaowu, expresses his gratitude for the concern and love shown to him and his wife, saying that "although the program of reform and opening up has helped people prosper, people have not forgotten the military, the country, and the need to help others."

In the same program, the station broadcasts its three-minute commentary entitled "The Banner of Patriotism Has the Strongest Rallying Power." The commentary says that Han's story illustrates the fact that the "banner of patriotism has the strongest rallying power," adding that the loving care showered on Han by people around the country embodies patriotism, and that "the national

spirit, national integrity, and fine tradition with patriotism as the main feature initiated by the party over several decades are still deeply entrenched in the people during the present age of reform and opening up." To accomplish the "historically important task" of reform and opening up, the commentary stresses the need to "inspire national spirit and strengthen the nation's rallying power so that people will conscientiously regard the national interest as their supreme and most fundamental interest."

Beijing Central People's Radio Network in Mandarin at 2230 GMT on 7 January, in its regular "News and Press Review" program, broadcasts a 1.5-minute report on a meeting held at the University of National Defense on 7 January to report on Han Suyun's deeds. Noting that Han's deeds have aroused "enthusiastic response" from students at the university, the report cites some students as lauding Han's "noble character," and as saying that support lent to Han by the government, people, and military demonstrates "the great rallying power that inspires army-government and army-people unity."

Beijing Central People's Radio Network in Mandarin at 2230 GMT on 7 January, in its regular "News and Press Review" program, broadcasts a four-minute recorded interview with some women in Beijing regarding Han Suyun. In the interview, the women underscore the value of working selflessly for the common good, hail traditional Chinese virtues, and pledge to learn from Han.

Selection of Party Branch Secretaries Urged

HK1701064395 Beijing RENMIN RIBAO in Chinese
12 Jan 95 p 1

[Commentator's article: "Properly Select Leaders Who Can Lead the Peasants to Common Prosperity"]

[FBIS Translated Text] According to the requirements of the central authorities, by the end of the 1990's, the status of rural areas should be upgraded, rural reform should make new progress, a fresh social appearance should be present in rural areas, and most localities of the rural areas should come up to the standard of a moderate prosperity. To accomplish this historic mission, we should make efforts in many ways, the most important is to vigorously intensify the building of grass-roots party organizations in rural areas, the building of 730,000 rural party branches in particular.

The leading bodies of the rural party branches are the command posts of the building of spiritual and material civilizations in rural areas, and whether or not all the tasks in rural areas can be smoothly fulfilled according to the requirements of the party and government will chiefly depend on whether or not there are powerful leading bodies in party branches. In the leading bodies of rural party branches, secretaries are "squad leaders" of the party branch committees, as well as the head and backbone of the masses. They play an extremely significant role in the great cause aimed at effecting economic

takeoff in rural areas, promoting comprehensive progress in rural society, and achieving the goal of common prosperity. "If an appropriate person is elected as leader of a village, this village is bound to be prosperous." This is the experience summed up by many localities in their efforts to shake off poverty and become prosperous. It fully indicates the key role exercised by a branch secretary in a village and in a leading body of a party branch. Party committees at all levels should, with a strong sense of responsibility, take firm control of the building of grass-roots party organizations in rural areas as a key link and, in accordance with the requirements set forth in the "Decisions" of the Fourth Plenary Session of the 14th CPC Central Committee, concentrate their efforts on helping rural party branches select good branch secretaries.

The "Decisions" of the Fourth Plenary Session of the 14th CPC Central Committee unequivocally contain the stipulations on the qualification of a party branch secretary: He must be young and strong, conscientious in implementing the party's line and policies, fair and honest in his work, and capable of leading the masses to achieve the goal of common prosperity. The above four-point qualification is a concrete embodiment of the policy of "four-transformations" for the ranks of cadres and the principle of having both ability and political integrity in the building of a contingent of rural cadres, which is also the minimum requirement for the secretary of a rural party branch. Conscientiously implementing the party's line and policies is the political qualification that a rural party branch secretary must possess, and is the concrete reflection of seeking unity in politics and thinking with the party's central committee. The position of a rural party branch secretary is not high, but he possesses power that has a direct bearing on the interests of the masses. Hence, he should use the power in his hands as an instrument to bring benefits to the masses rather than to himself. In handling matters, he must adhere to principles, act in a fair and honest manner, and show no partiality to relatives and friends. These are major points for judging whether or not a person is qualified to be a rural party branch secretary. As rural work is onerous and arduous, we should select good party members who are young, healthy, and well educated to take up the posts of party branch secretaries in villages. This is an objective requirement for rural work. Therefore, it is absolutely necessary to carefully train and select energetic persons in the prime of their lives to be branch secretaries. Certainly, we must also proceed from reality and avoid "rigid uniformity" in this issue. Development is the last word [fa zhan shi ying dao li 4099 1455 2508 4289 6670 3810]. As a leader of a rural party branch, the secretary must cherish fine aspirations for serving the people and possess perfect ability to lead the masses in their pursuit of a relatively comfortable life and their advance toward a common prosperity. Otherwise, all good wishes are but empty talk. In short, the aforementioned four-point qualification for selecting rural party branch secretaries is a unified entirety which

is interrelated and inseparable. In practical work, we must have a comprehensive grasp of it and must not put emphasis to one point while neglecting the others.

In selecting rural party branch secretaries, we must fully develop democracy, follow the mass line, extensively heed the views of party members and the masses, and pay attention to public opinion. We must resolutely change the simplistic practice of "voting by a show of hands at the lower levels for the candidates designated by the higher authorities," and avoid and rectify the bad tendency of appointing people by favoritism. Furthermore, we must open up our field of vision, broaden channels, and foster a concept on cadre appointment that suits the socialist market economic structure. We must carefully select rural party branch secretaries from young students who have returned to work in rural areas, demobilized soldiers, and fine party members in townships and town enterprises. If there is not any suitable candidate, young and strong cadres who are working at county or township party and government organs can also be selected to work in villages. A large number of reserve cadres with relatively high political and professional standards are the foundation for selecting rural party branch secretaries. County and township party committees should pay serious attention to the training of the reserve cadres, and to absorbing educated young peasants into the party. They should be assigned work and asked to assume responsibilities so that they will mature more quickly. With regard to the existing rural party branch secretaries, their training and education should be reinforced, and various methods should be adopted to help them enhance their professional quality and increase their ability to lead the masses to head for common prosperity under the new situation of the socialist market economy.

At present, great historic changes are taking place in China, and rural reform has entered a crucial period. Party committees at all levels, those at county and township levels in particular, must fully understand the vital significance of properly selecting rural party branch secretaries and take feasible measures to select leaders capable of leading peasants to advance toward common prosperity, thereby providing a reliable organizational guarantee for achieving the goal of leading a relatively comfortable life by the end of the 1990's.

Commentator's Article Discusses Principles

OW1801013195 Beijing XINHUA Domestic Service in Chinese 1329 GMT 17 Jan 95

[FBIS Translated Text] 17 Jan (XINHUA)—RENMIN RIBAO today [as received] publishes as the lead article on the front page, a commentator's article entitled: On the Center of our Undertakings. The "full text" of the article follows:

In 1994, which has just elapsed, working under the leadership of the party Central Committee with Comrade Jiang Zemin at its core, we put the 20-character

principle "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" at the center of all our undertakings, correctly handled the relationship among reform, development, and stability, and made outstanding achievements in all our work. Practice has proven that the 20-character principle completely conforms to China's national conditions; that it is a scientific summing-up of our party's historical experience of leadership over reform, opening up, and modernization; that it fully embodies the guidelines of Comrade Deng Xiaoping's talks made during his southern China inspection tour in 1992 and the demands of the party's basic line; and that it is a concrete embodiment of the theory of building socialism with Chinese characteristics as overall guidance. The 20-character principle represents the stress [da ju 1129 1444] on the work of the whole party and whole country, as well as the guiding principle the whole party and whole country must adhere to, not only at present but also for a considerable time to come.

Putting the principle at the center of all our undertakings means that we should continue to grasp this stress on the work of the whole party and whole country well; educate and guide all comrades of our party, particularly leading cadres at all levels, to conscientiously be concerned about, defend, and subordinate themselves to this stress on work; and with this stress on work, develop and promote the work of all fronts and all quarters. Leading cadres at various levels hold various posts and do various work. Only when they know the overall situation, can they operate from a strategically advantageous position, keep a clear head, and work effectively. If they have no clear knowledge of the current international situation, the domestic political and economic situation, and the trend of development, they will be unable to soberly seize the opportunity to promote work in their locality, department, and organization. If they have a vague idea of the important task of accelerating the establishment of a socialist market economic structure and if they have an indistinct understanding of the reform of state-owned enterprises focused on the establishment of a modern enterprise system, they will be unable to take the initiative in deepening reform and opening up wider. If they are indecisive in strengthening and improving macroeconomic regulation and control, and if they neglect the implementation of the principle of improving the quality and efficiency of economic growth, they will be unable to bring about a sustained, rapid, and healthy development of the national economy. If they fail to step up the building of socialist spiritual civilization, if they fail to do their best in promoting socialist democracy and legal system, and if they lack a sense of urgency in the new great project of vigorously promoting party building, they will be unable to effectively safeguard and maintain political and social stability. It is obvious that having the overall situation in mind and putting the principle at the center of all our undertakings are so important to the leading cadres of party organizations at all levels with respect to their

keeping firmly to the correct orientation, doing their work well, and improving their leadership and their ability to hold office. Comrade Deng Xiaoping has emphasized that the whole party should give more consideration to the interests of the whole, and this is very necessary.

To put the principle at the center of all our undertakings, we must firmly foster the thinking of looking at the whole nation as one chess game. Some comrades maintain that we need to foster the thinking of looking at the nation as one chess game only under the system of a planned economy and say that such thinking is not necessary if we want to establish a socialist market economic system. This view is not correct. Establishing a socialist market economic system in China—a large country with an immense variety of things—is a more difficult chess game with higher requirements and more complications. Therefore, we must keep the overall interests in mind. All places and departments have their own overall situation; but in order to accomplish the central task of promoting reform, opening up, and building socialist modernization, various places and departments are all part of the overall interests. On the great chess board in the course of building socialism with Chinese characteristics, various places and departments are chariots, horses, cannons, bodyguards, elephants, and pawns [pieces in a Chinese chess game]. In order to win victory in the overall situation, we must give full play to the role of each chessman and also understand the rule that the part must be subordinated to the whole. Some measures may be workable in some places or departments but may not accord with the overall interests. Under such circumstances, the local interests must be subordinated to the overall interests. On the other hand, some measures may be undesirable from the angle of some places and departments but may accord with the overall interests. In this way, the partial and local interests must also be subordinated to the overall interests. This is precisely the standpoint of protecting and serving the overall interests and of having local interests be subordinated to overall interests. In actual life, the cases of sacrificing temporary local benefits to gain long-term benefits happen quite often. Facts have proven that, if the overall situation is good, various places and departments will also eventually experience benefits. Therefore, all leaders must be highly conscious of the overall interests, constantly handle relations between the local interests and the overall interests in a correct manner, and always lay stress on protecting the overall interests.

In the New Year, we are faced with very heavy tasks, and must achieve new and greater developments in various endeavors. The key to accomplishing these tasks lies in putting the principle at the center of all our undertakings in a better way. In other words, the requirement for serving the overall interests [zong lan quan ju 6008 4920 2385 0356] will be higher, the responsibility of serving the overall interests will be heavier, and the significance of serving the overall interests will be greater. We will

have great hope in our cause if leading cadres at various levels vie with each other to be models in serving the overall interests.

Workers Strike at Japanese Factory in Zhuhai

HK1701063495 Hong Kong EASTERN EXPRESS in English 17 Jan 95 p 8

[By Harald Bruning in Macao]

[FBIS Transcribed Text] Several hundred workers went on strike yesterday at a motor factory in the Zhuhai special economic zone owned by the Japanese conglomerate National Panasonic.

Their grievances over wages, holiday and working conditions remained unresolved last night, although there were no reports of violence on the picket lines.

The Chinese government, which does not recognise the right of workers to strike, attempted to cover up the incident, apparently concerned about the effect it could have on foreign investment.

Representatives of the strikers said industrial action at the factory, in Zhuhai's Xiangzhou district, had started with the morning shift after a breakdown of negotiations with the Japanese managers and the Labour Affairs Department of the Zhuhai government.

Last night's shift of workers had also staged a walkout after futile attempts to end the impasse during the day.

The strikers issued a statement, demanding a rise in wages that would bring their salaries in line with those employed by other foreign-owned factories in Zhuhai.

According to the statement, the workers at the Japanese motor factory earn an average of 750 renminbi (HK\$690) a month, while those employed by other foreign-funded factories make an average of Rmb1,000 a month.

The strikers, mostly migrant workers, are also demanding that future salary increases should be in line with China's annual rate of inflation last year of 27 per cent. A year ago, Zhuhai set its official minimum wage at Rmb326 a month. This compared to Rmb280 in Shenzhen and only Rmb210 in Shanghai, but was apparently needed for the high cost of living in Zhuhai.

Other demands of the motor factory workers call for improved living conditions in their "overcrowded" dormitories, and better canteen food. The statement also claims the management had reneged on a number of promises, such as free accommodation and had cancelled this year's long leave "without any explanation and without any pecuniary compensation".

It was not clear last night if this related to the Chinese government's attempt to keep about 60 per cent of migrant workers in their place of work during the Spring Festival in order to avoid a crush of homeward-bound travellers.

The Japanese factory management refused to talk to the press about the strike. A spokeswoman said inquiries about the "alleged strike" were "not welcome".

Several strikes have hit foreign, and in particular Japanese companies in Zhuhai in the past two years. In April 1993, a factory owned by the Japanese electronics giant Canon was paralysed for three days by industrial action over salary rises and improved working conditions demands.

Workers End Strike

HK1701115595 Hong Kong AFP in English 0933 GMT 17 Jan 95

[FBIS Transcribed Text] Macao, Jan 17 (AFP)—A one-day strike by workers at a Japanese-owned factory in China's special economic zone of Zhuhai was called off Tuesday. The workers returned to work early Tuesday as negotiations continued over better wages and working conditions with the Japanese management of National Panasonic Motor Factory in Zhuhai at the border with the Portuguese enclave of Macao, sources at the factory said.

The sources said the factory management had not made any promises on the demands by workers, which included holidays during the lunar new year celebrations that starts January 30.

However, representatives of the strikers told the Portuguese News Agency Lusa they had decided to resume work because they lacked the support of the majority of the 2,000 workers at the factory. They said officials from the Zhuhai Municipal Government's Labour Bureau and from the Zhuhai Administration and Service for Foreign Investment would continue to mediate in the labour dispute.

On Monday, several hundred workers, mostly migrant workers from poorer regions in China, downed tools in support of demands for a pay rise that would bring monthly wages of 750 yuan (90 U.S. dollars) into line with the 1,000 yuan earned by employees at other foreign-owned factories in Zhuhai. Other demands included better food and living conditions.

Several strikes have hit foreign-run firms, particularly Japanese, in Zhuhai in the past two years.

Court Official on Execution of Corrupt Officials

OW1701141895 Beijing XINHUA Domestic Service in Chinese 0831 GMT 16 Jan 95

[By reporter Zhang Sutang (1728 1372 1016)]

[FBIS Translated Text] Beijing, 16 Jan (XINHUA)—Liu Jiachen, Supreme People's Court vice president, today announced the verdicts that the court pronounced on two large corruption and bribery cases in Guizhou, noting that two degenerate elements guilty of serious criminal offenses have been harshly punished by the law:

Yan Jianhong, former member of the Guizhou Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] Standing Committee and chairman of the Guizhou Provincial International Trust and Investment Company, was sentenced to death and had her political rights deprived for life after being found guilty of corruption, misappropriation of public funds, speculation and profiteering, and accepting bribes; Yan was shot in Guiyang this morning; and Guo Zhengmin, former director of the Guizhou Provincial Public Security Department, was sentenced to death, with a two-year reprieve, and had his political rights deprived for life after being found guilty of accepting bribes.

At a news briefing called by the Supreme People's Court, Liu Jiachen briefed the press on the crimes committed by Yan Jianhong and Guo Zhengmin. He said: On five occasions from December 1992 to July 1993, Yan Jianhong, 61, took advantage of her office and embezzled her company's income and unregistered cash—totals that were 650,000 yuan and \$14,300. From June to September 1993, she and some other people also misappropriated 1.5 million yuan of public funds by concealing the company's income.

On 21 September 1992 and 5 July 1993, Yan Jianhong misappropriated her company's public funds, 2.64 million yuan and \$50,000 in all, for other people for their private use. In July 1992, Yan collaborated with a person with the surname of Chen in speculating on the cigarette trade. She provided Chen with the purchasing documents and received from Chen 400,000 yuan from the profits Chen made through reselling the 1,000 bills of lading for Red Tower Hill cigarettes. Moreover, from November 1992 to February 1993, when Yan extended loans to a foreign businessman with the surname of Jin, she received from him 10,000 Hong Kong dollars, a videodisc player, a leather hunting jacket, a woolen overcoat, and other gifts worth more than 17,000 yuan.

When he served as director of the Guizhou Provincial Public Security Department, Guo Zhengmin, 52, became acquainted with Jin in September 1992 through a third person. At Jin's request, Guo got from another location two permits for Jin's wife and her business partner to go to Hong Kong and Macao. Guo gave the permits to Jin on 4 December of the same year. In the evening, Guo received from Jin a gift of 30,000 yuan. Later, Guo, at Jin's request, continued to seek illegitimate interests for Jin and, on 20 March and 7 May 1993, received from Jin bribes totaling 140,000 yuan. To cover up the facts, Guo, on 3 December of the same year, spent 130,000 yuan of the bribes in the name of official expenditures, and instructed the recipient to write the receipt with the date of 26 March.

After verifying the facts, the Guiyang Intermediate People's Court found Yan Jianhong guilty of corruption, misappropriation of public funds, speculation and profiteering, and accepting bribes; at the first trial, it sentenced her to death and deprived her of her political

rights for life because of all these crimes; and it found Guo Zhengmin guilty of accepting bribes and, at the first trial, sentenced him to death and deprived him of his political rights for life. Both defendants disagreed with the verdicts and appealed. The Guizhou Provincial Higher People's Court rejected Yan Jianhong's appeal and upheld the original judgment. In accordance with the law, it referred the verdict to the Supreme People's Court for reexamination. On 12 January, the Supreme People's Court approved Yan's death sentence and the deprivation of her political rights for life.

When handling Guo Zhengmin's appeal during the second trial, the Guizhou Provincial Higher People's Court maintained that because of the enormous amounts of bribes Guo received from foreign businessman as well as the seriousness of the case, the argument in Guo's appeal that the money he received did not constitute a crime could not be established, and that the ruling issued in the first trial of sentencing him to death and depriving him of his political rights for life was a proper one. However, in view of Guo's significant contributions during the second trial in terms of reporting other people's criminal offenses, the punishment could be reduced. Thus, in accordance with the law, Guo was sentenced to death with a two-year reprieve and had his political rights deprived from him for life.

Liu Jiachen stated in the news briefing that the people's court will, as always, firmly prosecute all economic crimes, especially major crimes such as corruption and accepting bribes. He said: Whoever offends the laws of the state will be harshly punished. The court will pronounce heavy punishments or even death sentences on those who deserve them, and the court will never tolerate these people.

Commentary on 'Anticorruption Struggle'

OW1701070295 Beijing XINHUA Domestic Service in Chinese 0825 GMT 16 Jan 95

[Commentary by unidentified "XINHUA commentator": "The Alarm Should Be Sounded Constantly"]

[FBIS Translated Text] Beijing, 16 Jan (XINHUA)—The Central Discipline Inspection Commission, the Ministry of Supervision, and the Supreme People's Court today announced the results of handling two serious criminal cases: Yan Jianhong, former Standing Committee member of the Guizhou Provincial Committee of the Chinese People's Political Consultative Conference and chairman of the Board of Directors of the Provincial International Trust and Investment Company, was sentenced to death by a people's court on charges of embezzlement, misappropriation of public funds, profiteering, speculation, and taking bribes; and Guo Zhengmin, former director of the Guizhou Provincial Public Security Department, was sentenced to death on the charge of taking bribes, with a reprieve of two years.

Both Yan Jianhong and Guo Zhengmin were senior leading cadres nurtured by the party and the people for years. Yielding to the temptation of money, they abandoned the purpose of serving the people and forgot that the power in their hands had been entrusted by the party and the people; they abused their power to seek personal gain at will; and they engaged in power-money trade in a big way to line their pockets, thus committing unpardonable crimes. In the end, they were severely punished according to party discipline and state law.

The severe punishment of Yan Jianhong and Guo Zhengmin shows: In the current new situation in which reform and opening up are continuously deepening and the socialist market economy is constantly developing, all state functionaries, especially those cadres in leading positions, are facing the severe test of how to resist corrupt influence and guard against degeneration [ju fu fang bian 2147 5201 7089 6239] and how to be honest in performing one's official duties. Leading cadres at all levels, particularly high- and middle-ranking leading cadre, must conscientiously accept supervision by party organizations and the masses, implement in an exemplary way the party constitution and various regulations governing leading cadres' honesty and self-discipline, be diligent and conscientious in serving the people, seek no privileges politically and in living conditions, and be models in working hard and building a clean and honest government.

Now, the enforcement of party discipline and state law on Yan Jianhong and Guo Zhengmin once again fully shows the clear-cut attitude and firm determination of our party and government in resolutely combating corruption and punishing those guilty of corruption and bribery. It also shows that our party and government not only have the courage to face up to negative and corrupt phenomena, but also have the ability to lead the broad masses of people to make concerted efforts to win one victory after another in the struggle against corruption. Meanwhile, we should also soberly note that the struggle against corruption is a long-term and arduous task, the carrying out of which requires persistent, concerted efforts by society as a whole. The alarm should be sounded constantly.

The anticorruption struggle is continuing. For large numbers of cadres, especially leading cadres, Yan Jianhong and Guo Zhengmin are undoubtedly excellent teachers by negative example. Those who commit serious crimes, such as corruption and taking bribes, no matter who they are or how high their positions or how covert their crime-committing methods are, certainly will be severely punished if they violate party discipline and state law. We believe that, under the unified leadership of the party Central Committee and through the concerted efforts of the people across the country, we certainly will be able to win fresh victories in the anticorruption struggle.

Christian Activist Arrested During Shattuck Visit*HK1801092095 Hong Kong EASTERN EXPRESS in English 18 Jan 95 p 7*

[By Bruce Gilley]

[FBIS Transcribed Text] Police said yesterday they had arrested a Christian activist who went missing during last week's visit to Beijing by the US human rights envoy John Shattuck. They told Hua Huiqi's mother that he was being held in a Public Security Bureau detention centre in south Beijing, friends said last night.

Hua is the only dissident known to have been arrested during the Shattuck visit, but others who fled the capital to avoid detention remain in hiding. Most activists in the capital were followed by police between Friday and Monday, coinciding with the three-day visit by Shattuck, the assistant secretary of state for humanitarian affairs.

Beijing police frequently carry out strict surveillance of activists in the capital, resorting to detention in some cases, during visits by foreign dignitaries. Last spring, Chinese authorities detained at least 15 dissidents when Shattuck and the Secretary of State, Warren Christopher, were in Beijing.

Shattuck said after talks with Chinese officials that China had failed to make any human rights progress in 1994, and "serious problems" remained with respect to the freedom of speech, association and religion. Shattuck also "strongly protested" heavy sentences handed down to over a dozen dissidents this year, but was apparently unaware of the clampdown underway during his stay.

The arrest of Hua, 32, a member of the stubbornly independent Gangwashi church, appears to be related to his ongoing fight against Beijing religious authorities. Hua attempted to sue the municipal religious affairs bureau last November after he was beaten by police outside the church.

Police explained to his mother yesterday that Hua was picked up on Saturday morning after he ran into three pedestrians with his bicycle. Friends said he telephoned them that morning to say he was being followed by police. He was on his way to his company to collect his salary when he was detained.

After he failed to turn up at an evening bible study session, his mother began pestering police about his whereabouts. While Hua's bicycle was seen in the police station at Chongwenmen, where he lives, they refused to admit his arrest. On Sunday, five police cars and more than two dozen officers had sealed off the Nanguanyuan hutong where Hua lives. His mother was forbidden to see guests or leave the district.

Friends said last night that Hua was being held at the Jiaomen Detention Centre, part of the Beijing PSB. In most cases, citizens involved in minor traffic accidents are dealt with under the authority of the local traffic police, rather than the PSB. The same detention centre

has previously been used to hold other Christian activists. Gao Feng was temporarily dismissed from Beijing Jeep last year after he was held in the centre without charge for most of May.

Public Health Survey Findings Reported*OW1701054495 Beijing XINHUA in English 0433 GMT 17 Jan 95*

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Having a cold is the most common ailment suffered by Chinese residents, as they tend to get colds once every two weeks, on the average.

According to the findings of the "National Health Service Investigation" released by the Ministry of Public Health (MPH) here today, the ailments the Chinese suffer from most are colds, gastroenteritis, tonsillitis and tracheitis.

The two-year investigation, organized by the MPH, was conducted through random sampling among public health organizations in 90 counties and cities, covering 50,000 households and more than 200,000 people in the country. It was the first of its kind in China.

According to the investigation findings, as China's economy develops and people's living conditions improve, both urban and rural people's health service demands have greatly increased in the past few years.

The incidence of infectious diseases and parasitic diseases has dropped considerably, compared with the mid-1980s. However, the incidence of non-infectious and chronic diseases has increased.

Residents in both urban and rural areas now receive more medical care than before, with increases of 63 percent in rural areas and 35.9 percent in urban areas, compared with the mid-1980s.

Meanwhile, health care for children, mothers and old people has been expanded considerably, according to the investigation.

However, there is an imbalance in the development of public health between urban and rural areas. The main diseases in China's underdeveloped rural areas are still infectious diseases and diseases resulting from malnutrition, according to the investigation report.

The Chinese public health departments will make every effort to meet people's requirements for health services, and promote a balanced development of public health among different areas, said Chen Minzhang, minister of Public Health. "The investigation results will help us analyze the problems and improve public health policies," he said.

Beijing Succeeding in Illiteracy Fight*OW1701161195 Beijing XINHUA in English 1511 GMT 17 Jan 95*

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Illiteracy among people under 45 years of age

has been eliminated in 40 percent of China's territory, according to a list published by the State Education Commission Monday [16 January].

The list showed that one out of four of China's 2,164 counties and cities has helped its people aged 45 or younger to be literate and receive nine years of schooling.

Beijing, Shanghai and Tianjin, governing 51 counties and districts in all, have effectively put into practice the standard nine-year compulsory education and have eliminated illiteracy among residents born after 1949, the year China was founded.

The three provinces in Northeast China—Jilin, Heilongjiang and Liaoning—have wiped out illiteracy among people under the age of 45 in general.

To improve the quality of its people, China plans to let most people enjoy nine years of compulsory education and be literate within this century.

In China, people are illiterate who can not read 2,000 or 1,500 (in rural areas) Chinese characters, can not read ordinary newspapers, can not write letters or notes, or can not make simple calculations of addition, subtraction, multiplication and division.

The latest statistics show that China now has 150 million people above the age of 15 who are illiterate or semi-illiterate.

In the past few years China has eliminated illiteracy at an annual rate of over four million people, most of whom were under the age of 45.

Urban Technological Transformation Seminar Held

SK1801011495 Beijing XINHUA Domestic Service in Chinese 2021 GMT 14 Jan 95

[By RENMIN RIBAO reporter Lu Wangda (0712 4986 1129) and XINHUA reporter Li Zhenghua (2621 2973 5478)]

[FBIS Translated Text] Shanghai, 14 Jan (XINHUA)—Beginning this year, China will no longer make technological transformation investment "blossom everywhere," but will carry out the policy of "supporting the superior and the strong," that is, to give priority to supporting the key enterprises and projects that play a leading role in their respective trades and regions and to supporting the "dragon-head" products with high economic efficiency, high technology content, bright development prospects, and the ability of helping readjust the industrial structure and product mix of cities.

This was released at the national seminar on technological transformation for some cities, that concluded on 14 January.

It is learned that the State Council has chosen 18 cities in which to experiment with the policy of "optimizing the structure of capital" in an effort to make breakthroughs

in the fields of "increasing capital, technological transformation, distribution, and bankruptcy." To organically combine enterprise renovation with reform, the State Economic and Trade Commission, completed at the end of last year the all-round survey of state-owned enterprises in the cities experimenting with the policy of "optimizing the structure of capital" in line with the unified arrangements of the State Council and with a view to knowing their real situation. The commission is now devoting itself to dividing the wholly state-owned enterprises and the enterprises whose shares are held by the state into four categories, based on their actual strength, vitality, and operation achievements. As demanded by the policy of "supporting the superior and the strong," the relatively good enterprises subject to the first and the second categories will be considered by the state on a priority basis in undertaking the defined urban key technological transformation projects in the future. This method will help change the past situation in which technological transformation investment "blossoms everywhere," and enterprises blindly scramble for investment and projects.

At the current seminar, that was held by the State Economic and Trade Commission in the form of an on-the-spot meeting, Shanghai's successful experience in renovating old industrial bases was introduced. During the Eighth Five-Year Plan period, Shanghai Municipality boldly reformed traditional managerial methods and created a technological transformation path suitable for the socialist market economy. Shanghai's experience can basically be summarized as "three, three, four." That is, to persist in three combinations, namely, combining technological transformation with structural readjustment to speed up the optimization of industrial structure, combining technological transformation with the change of systems and organizations to broaden the money-lending channels for technological transformation, and combining technological transformation with the utilization of foreign capital to increase the technology content of technological transformation projects; to carry out "three strengthenings," namely, strengthening the study of investment guidance in a bid to guide technological transformation with policies, strengthening the motivation mechanism of technological transformation and give correct guidance to technological transformation investment, and strengthening the implementation and management of key projects and make key projects completed, commissioned, and reach their designed production capacity at an earlier date; and to establish "four guarantee systems" for organization, capital, progress rate, and supervision service. From 1991 to 1994, Shanghai's financial department invested a total of 60.9 billion yuan in technological transformation projects, Shanghai's economic and technological targets of technological transformation projects were among the best of the country, and a number of newly developed pillar industries appeared suddenly. The seminar's participants maintained: Shanghai's experience has provided an idea that can be used for reference by

the 18 experimental cities defined by the State Council and by all localities in the country in drawing up the Ninth Five-Year Plan for technological transformation.

The seminar pointed out: In drawing up the outlines for the Ninth Five-Year Plan, we should first straighten out ideas and define pillar trades and the trades that should be developed on a priority basis in line with the characteristics of economic structure of cities. In addition, in line with the principle of exploiting favorable conditions to support the superior and the strong in a step-by-step

manner according to our capability, we should lay emphasis on readjusting the industrial structure, product mix, and organizational structure of enterprises in cities and on helping establish and expand the superior industries and enterprises in cities. We should also define a number of key technological transformation projects and foster a number of trade leaders that can prop up the development of the economy of cities, can bring along the readjustment of the structure of regional economy, and are relatively competitive on domestic and world markets.

General

Political Bureau's Wei Jianxing Visits Workers

OW1801011195 Beijing XINHUA Domestic Service in Chinese 1045 GMT 11 Jan 95

[By XINHUA reporter Ma Kuijun (7456 7608 0689) and TIANJIN RIBAO reporter Zhong Jie (6988 2638)]

[FBIS Translated Text] Tianjin, 11 Jan (XINHUA)—Wei Jianxing, member of the Political Bureau and Secretariat of the CPC Central Committee, secretary of the Central Discipline Inspection Commission, and president of the All-China Federation of Trade Unions, paid a visit to veteran model workers and veteran workers in Tianjin on 10 January. He said activities to extend warmth reflect the party and government's concern for workers. They are also part of the concrete content of the trade union's basic functions, and we should persistently carry them on over a long time to come.

Accompanied by Gao Dezan, secretary of the Tianjin Municipal CPC Committee, and Mayor Zhang Lichang, Wei Jianxing visited workshops and workers' homes to convey greetings to workers on production lines. At the Tianjin Jacquard Fabric Mill, he said that some enterprises are encountering momentary difficulties in the great wave of the market economy. No difficulties are, however, insurmountable so long as workers' enthusiasm is mobilized. To solve the problems of enterprises in difficulty, we must intensify reform, develop production, and improve efficiency so that money-losing enterprises can switch from the red to black, and enterprises on the brink of collapse will get a new lease on life.

Wei Jianxing pointed out: To improve enterprise performance, we must strengthen the internal management of enterprises and do a good job in the construction of basic facilities. We must rely wholeheartedly on the workers in running socialist enterprises well, strengthen democratic management and supervision by workers, continue to improve the workers' congress system, keep up the efforts to explore new forms of realizing this system in accordance with the "Labor Law" and other laws and regulations, and institute and amplify the necessary rules and regulations in regard to supervision by the masses.

Speaking of the tasks and priorities of trade unions at the present stage, Wei Jianxing said: A general guiding principle of the trade union is that it must carry out its activities around the central task of economic development. The trade union must uphold the party's basic theory and its basic line in carrying out its activities; it must subject itself to the overall interest of party work, that is, the required preconditions of reform, development, and stability. This is an idea we must uphold without the slightest wavering. He pointed out that trade unions must integrate the central task of economic development with their basic functions of protecting the workers' legitimate rights and interests. We should defend the workers' legitimate interests as a way to

mobilize and protect their initiative and to channel their enthusiasm to the cause of reform, opening up, and socialist modernization.

Wei Jianxing said: Trade unions at all levels must uphold Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as their guidance. And take the opportunity of implementing the "Labor Law" to advance the trade union's work in all fields; to advance reform and construction of the trade union itself; to bring trade union work to a new level; and make it play a still greater role in the cause of reform, development, and stability.

During his stay in Tianjin, Wei Jianxing visited the homes of Chi Songqing, foreman of the repair workshop of the Tianjin Glass Fiber Plant and municipal special grade model worker; Zhang Yuming, a retired worker of the Lihua Food Products Factory; and Gou Delin, a worker at the Tianjin No. 1 Transportation Center. He asked them about their work and living conditions and presented them with cash awards and cotton-padded overcoats. He urged workers to have confidence, and join enterprises in the effort to overcome temporary difficulties.

While in Tianjin, he also had informal discussions with comrades of the county and district discipline inspection commissions, heard briefings on their work, and studied ways to intensify the anticorruption struggle.

Li Tieying on State-Owned Enterprises

OW1801034095 Beijing BEIJING REVIEW in English No 2, 9-15 Jan 95 pp 15-17

[Article by Li Tieying, minister of the State Commission for Restructuring the Economy: "15 Years of Reform for State-Owned Enterprises"]

[FBIS Transcribed Text] Over the past 15 years of reform and opening up, China has always regarded enhancing the vitality of state-owned enterprises, particularly large and medium-sized ones, as the central link of the economic structural reform.

The course of the reform can be divided roughly into three stages.

The first stage, spanning from December 1978 to September 1984, represented the initial stage of reform. The basic ideas for the experiment with enterprise reform involved transforming the highly centralized planned economic management system; and enhancing the financial strength and vitality of state-owned enterprises through expanding their decision-making power, allowing more autonomy and profits concession. During this period the government introduced a trial system of allowing enterprises to retain a fixed percentage of profits and the system of gradually replacing profit delivery with tax payments. In May 1984, the State Council promulgated the Provisional Regulations on

Further Expanding the Decision-Making Power of State-Owned Industrial Enterprises, granting enterprises with autonomy in 10 aspects, thus improving their efficiency and potential.

The second stage, covering the period from October 1984 to December 1991, featured an all-round unfolding of enterprise reform. Efforts focused on separating government functions from enterprise management and proprietary rights from operational rights; defining state-owned enterprises as economic entities which operate independently and assume sole responsibility for their own profits and losses; and establishing diversified responsibility systems. The reform measures mainly included instituting the director (manager) responsibility system in state-owned enterprises, implementing the contract responsibility system in most state-owned enterprises, introducing the leasing system to some small state-owned enterprises, and setting up on a trial basis the shareholding system and enterprise groups in a few nominated enterprises. In April 1988, the Law on Industrial Enterprises Owned by the Whole People was promulgated, defining for the first time the legal status of state-owned enterprises.

The third stage, marked by the speech made by Deng Xiaoping during his inspection tour of south China in early 1992, involved a transformation from policy readjustment to the establishment of a modern enterprise system which adapts to the requirements of the socialist market economic structure. The state enacted a series of laws and provisions in this regard, including the Regulations on Transformation of Operational Mechanisms of Enterprises Owned by the Whole People, Regulations on the Supervision and Control of State-Owned Assets, and the Corporation Law. The Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure adopted by the Third Plenary Session of the 14th Party Central Committee in November 1993 clearly pointed out that the goal for the reform of state-owned enterprises was to establish a modern enterprise system adapted to the requirements of a market economy, with clear definitions concerning property rights relationships and explicit obligations and responsibilities, separating enterprise management from government functions and applying scientific management expertise. Under These requirements, the latest stage of reform will be carried out in accordance with the overall objective of establishing a socialist market economic structure to make state-owned enterprises independent legal entities geared to both domestic and international markets and main bodies of market competition. Thus their survival will depend on fair competition between each other. This will also help improve the organizational system of state-owned enterprises, helping consolidate their role as the mainstay in the market economy.

State-owned enterprises have experienced remarkable achievements over the past 15 years of reform. While the goal for reform has become increasingly clear, the theory

that guides the reform has been constantly developed. There has been a substantial break-through in the guiding thought for the reform; forms for the transformation of the operational mechanisms of state-owned enterprises have been created; and relevant laws and regulations have been improved. State-owned enterprises have experienced profound changes, and a number of large and medium-sized state owned enterprises which are full of vitality and play a demonstration and leading role have emerged.

Enterprise reform has made huge contributions to the sustained, rapid and healthy development of the national economy. Over the past 15 years, between 1979 and 1993, the GNP increased at an average annual rate of 9.3 percent, calculated according to constant prices. China is now among countries registering the fastest economic growth.

State-owned enterprises, particularly large and medium-sized ones, are the mainstay of the national economy. During the past 45 years of development, they have become a dominant force in China's economy, and have spurred the development of other economic sectors. During the last 15 years in particular, the state-owned economy has made tremendous progress, sustaining overall economic growth, supporting the reform and opening-up effort and ensuring social stability.

State-owned enterprises have been playing a fundamental and leading role in China's national economy. They are currently the major supplier of China's energy, transportation and telecommunication facilities, raw materials and industrial technology. Between 1978 and 1993, these enterprises turned out 155 million kw of installed capacity for power generation, 650 million tons of finished steel products, 1.94 billion tons of petroleum and 13.7 billion tons of coal. By the end of 1993, the number of state-owned enterprises practicing independent accounting had reached 71,600, making up 19 percent of the country's total industrial enterprises. Of these enterprises, 14,700 are large and medium-sized firms, some 4 percent of the national total. The gross output value, the net fixed assets and profit and tax payments of state-owned enterprises, however, reached 53 percent, 75 percent and 66 percent of the country's total industrial enterprises respectively, with large and medium-sized ones representing 44 percent, 62 percent and 56 percent of the total in these three areas. Over the past decade, China's fiscal revenue has risen from 80 billion yuan to 500 billion yuan, with state-owned enterprises making the greatest contribution. Their economic clout has been strengthened and the level of state-owned assets has continued to rise. Since 1988, state-owned assets have increased by 18 percent annually, with the amount reaching 3,600 billion yuan by the end of 1993. Having witnessed marked achievements over the past 15 years of reform, state-owned enterprises, however, still face numerous difficulties and problems. Their status as independent legal entities has not been fully established; the operational mechanisms of enterprises, particularly

large and medium-sized ones, have still not changed over to meet the demands of market competition; and they still shoulder heavy economic and social burdens and have not as yet reversed the trend of reaping low economic returns. There are multiple reasons for these problems, which also indicate that the deep-seated contradictions in economic structure have yet to be tackled. To resolve these problems, it is necessary to deepen the reform and gradually establish a modern enterprises system.

Government To Draft Antimonopoly Law

OW1701161295 Beijing XINHUA in English 1524
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China has set up a special group to draft an anti-monopoly law to facilitate the establishment of a socialist market economy.

Liang Aifu, an official with the State Administration for Industry and Commerce (SAIC), said here today that the group is made up of officials from the SAIC and the State Economic and Trade Commission (SETC) and that the group is currently studying the drafts of anti-monopoly laws from around the world.

He didn't say, however, when the draft law would be ready for discussion at the National People's Congress.

Wang Xuezheng, another official with the SAIC, said in an article in today's "People's Daily" that the anti-monopoly law will have clauses banning all actions of monopoly, including the action of companies uniting to fix prices.

Recently more than 50 paging companies in Harbin City in northeast China's Heilongjiang Province jointly lowered the price of beepers.

Wang said that the paging companies' action restricted market competition and went counter to the government's purpose in introducing the market mechanism.

He said that, apart from the prices of certain goods, prices for all commodities should be decided by the market, or by individual companies themselves.

He added that market monopoly actions hinder and disrupt the competition mechanism and harm consumers' interests.

Ministry Develops Plan for Universal Health Care

HK1801091495 Beijing CHINA DAILY in English
18 Jan 95 p 1

[By Zhu Baoxia: "State Wants All Chinese to Have Health Care in Next Decade"]

[FBIS Transcribed Text] The Ministry of Health is mapping out a new strategy to guarantee that all Chinese enjoy primary health care within the next decade.

The average life expectancy of Chinese residents will approach 72 by the year 2000, and 73 to 74 by 2010 if targets set by the ministry for the next five to 10 years are achieved.

The average life expectancy now is around 70, five years more than the world average.

The infant mortality rate at the end of 2000 should be reduced by one-third from 1990. The rate for women dying in childbirth should drop by half by 2000.

Statistics from the fourth national census in 1990 show an average infant mortality rate of 31.4 per 1,000, though the rate can be as high as 68.1 per 1,000 in some poverty stricken districts.

The death rate for women in childbirth is 87.8 per 100,000 nationally. But the rate remains as high as 202.3 per 100,000 in poor rural areas.

By 2000, the incidence rate of infectious diseases should be reduced further. Some diseases like leprosy, tetanus, sexually transmitted diseases and AIDS must be wiped out or be under control.

The draft programme which is being discussed at the national health conference that opened yesterday in Beijing also set targets for health publicity, food hygiene, drinking water improvement and hospital construction.

State Councilor Peng Peiyun, who participated in the conference, asked local governments at all levels to increase input for the health sector and give priority to poor rural districts.

Peng said although the country has seen great progress in health work in the past decades, there are still many problems which impair meeting the public's need for health care services.

She said endemic diseases are still rampant in some rural areas, one of them—snail fever—still prevails in eight provinces, threatening more than 60 million people.

The incidence rate of some infectious diseases like hepatitis is still high in some places, and the incidence of chronic diseases has increased.

She said with about 900 million Chinese living in the countryside, rural health improvement remains the weak but key point for future health work.

She said the expansion of the rural medical care network should be integrated with improving the rural medical force and establishing a rural medical insurance system.

Reform Program in '95 To Expand Pension System

HK1801091995 Beijing CHINA DAILY in English
18 Jan 95 p 2

[By Sun Shangwu and Zhang Xia: "Pension System to Expand in Reform"]

[FBIS Transcribed Text] The old-age insurance system will be expanded under the ambitious 1995 reform programme revealed yesterday by the Ministry of Labour.

This system and the unemployment insurance system are regarded as two most important contents of social security reform this year. Li Boyong, the Minister of Labour, said in a news conference held yesterday in Beijing.

An important step is to extend the system to employees in township, foreign-funded and private enterprises. Originally, it covered State enterprise staff only.

A unified pension system established and made available to all kinds of employees, said the minister.

So far, nearly 2,000 cities and counties have extended the system to employees in collectively-owned enterprises, and 1,000 extended it to those of non-publicly-owned enterprises.

In the future, individual employees should share with their enterprises in making contributions to the insurance funds, said Li. This system has, in fact, been practised in many regions of the country. More than 60 million employees are handing in 2-3 per cent of their wages as insurance funds.

The proportions contributed by individual employees will be increased by one percentage point each two years. The target is to have employees contribute half of the insurance funds.

"This is aimed at easing the burden of enterprises by reducing their costs," said an anonymous official from the State Commission for Economic Restructuring (SCER), the country's top economic reform body.

The old-age insurance will connect the mutual assistance funds with individual accounts. This has been implemented in some regions on a trial basis, said Li. All fees paid by employees and parts of fees paid by enterprises will go into the employee's individual accounts.

One part of the money will be paid on the basis of the employee's salary level: Those earning more will hand in more money and get correspondingly more after retirement.

Another part of the money will be handed in on the basis of the region's average salary level: all employees in the region will enjoy the same treatment.

The pensions will be adjusted according to the salary increase in the region to guarantee the income of the retired people keep pace, said Li.

In the future, enterprises will no longer be in charge of the allocation of the pensions. The retired will draw their money from local banks and insurance institutions. The minister said 13,000 counties and cities in the nation have adopted the allocation method.

At a working conference on old-age pension insurance held at the end of last year, the State Council decided to let SCER select some cities to pioneer the reform of the old-age insurance system. The Ministry of Labour is responsible for guiding the work throughout the nation.

The provincial and municipal governments must report to the Ministry of Labour their concrete reform plans, Li said.

'Aggressive' Land Registration Policy To Curb Asset Loss

HK1501074895 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 8

[By Ding Xuemei: "State Acts To Curb Asset Drain"]

[FBIS Transcribed Text] The State Land Administration hopes to curb ongoing losses of State assets in the coming year through an aggressive land registration policy.

Land transferred through the government's land departments and used for operational purposes will gradually be subjected to legal scrutiny in accordance with deepening land reforms, said Lu Xinshe, director of the administration's Department of Cadastral Management.

"Land free of charge is not allowed to enter the market unless it is registered and appraised," Lu said.

Institutions and enterprises will be required to formulate procedures for transferring their free-charge land-use rights.

At present, large batches of such land being used in profitable ways have escaped registration and assessment, resulting in loss of property and its benefits for the State, Lu added.

By the end of 1993, the country received 123.1 billion yuan (\$14.6 billion) from sales of land-use rights, "but the loss of land properties is far greater than those received."

At present, land-use rights obtained through market competition only make up 10 per cent of the total land supply, and 90 per cent of these are approved by administrative departments free of charge.

Lu said the State will expand the marketable portion of State land in order to meet demand in the growing market-oriented economy but will work to prevent unnecessary drain in State assets.

Lu called State land "the most important part of State assets," estimating the total value of land in the country's cities and towns at 15,000 billion yuan (\$1,773 billion).

That figure stands in contrast to other kinds of State assets the value of which Lu pegs at less than 4,000 billion yuan (\$472.8 billion).

The State Land Administration will enhance management of land prices to halt any obvious or potential pricing fraud.

And the State will publicly declare standard land prices in order to prevent transfer of land at unduly low prices. Lu said those prices will be based on the appraisal results of land departments.

The administration requires intended sales of land-use rights above the county level to be announced to the public—if the announcement draws competing suitors for the land, bidding and auction methods must be used to determine the eventual holder of land-use rights.

The State reserves the right to buy land-use rights if the applied transaction prices are found to be much lower than the appraised value.

The State will adopt detailed regulations concerning collection of value-added land taxes.

Such tax will be assessed before transferring land-use rights, Lu said.

Article on Reform of State-Owned Enterprises

OW1801013595 Beijing BEIJING REVIEW in English
No 2. 9-15 Jan 95 pp 7-14

[Article by staff reporter Wu Naitao: "'95 Goals for Reform of State-Owned Enterprises"]

[FBIS Transcribed Text] Reform of China's macro-economic system was the subject of significant progress during 1994, and the reform effort for the coming year will focus on improving the management of large and medium-sized enterprises and the establishment of modern enterprise system.

During a recent inspection tour of Shanghai, which emphasized the reform of large and medium-sized state-owned enterprises, Zhu Rongji, vice-premier of the State Council, presided over a discussion meeting attended by the directors and managers of 10-odd state-owned enterprises, and conducted an investigation of loss-making enterprises. According to Zhu, Shanghai's state-owned enterprises occupy a decisive position in the economic construction and social development of both Shanghai, and the country as a whole.

While state-owned enterprises are currently facing various difficulties, they will nonetheless be able to turn the corner so long as they effectively change their operational mechanisms and establish a modern enterprise system. In 1994, the government adopted a series of important reform and macro-control measures designed to create a sound macroenvironment for improving state-owned enterprises. However, the only way such enterprises can truly change their operational mechanisms is to establish a genuine market. Only then can reform of the macro-economic system be put into practice and yield expected results in terms of establishing macro-controls.

There is absolutely no doubt that China's over 400,000 state-owned enterprises play a decisive role in the national economy. Hence, if China's 14,400 large and medium-sized state-owned enterprises are operated effectively, well over 50 percent of the country's industrial economy will be operating on the right track.

According to statistics provided by the State Economic and Trade Commission, by the end of 1993, China had 71,600 state-owned industrial enterprises subject to independent accounting, a figure accounting for 17 percent of the country's total number of industrial enterprises, including those at or above the township level practicing independent accounting. The total number included 14,400 large and medium-sized state-owned enterprises, or 4 percent of the country's total number of industrial enterprises. The combined industrial output value of state-owned industrial enterprises represented 53 percent of the nation's total industrial output value, with that of large and medium-sized state-owned enterprises accounting for 44 percent of the national total. The net value of the fixed assets of state-owned enterprises accounted for 75 percent of the total for all industrial enterprises, with that of large and medium-sized state-owned enterprises accounting for 62 percent of the total. State-owned enterprises contributed 66 percent of the profit and tax payments of all industrial enterprises, with large and medium-sized state-owned enterprises contributing 59 percent of the total. In the first half of 1994 alone, the profits and taxes of state-owned enterprises accounted for 62 percent of the total for China's industrial enterprises, with taxes paid by the former accounting for 68 percent of total tax payments. The figures indicate that state-owned enterprises, especially large and medium-sized ones, continue to occupy a decisive position in the national economy.

However, difficulties and problems confronting state-owned enterprises have attracted special attention. With this in mind, the Chinese government has continuously considered strengthening the vitality of state-owned enterprises, particularly large and medium-sized ones, as the focal point of economic structural reform, and has extended great effort in this regard. The past 15-odd years of reform have basically resolved the numerous problems enterprises faced as a result of the traditional planned economic system. State-owned enterprises have been the subject of monumental changes, and most existing problems are the result of deep-rooted contradictions which are difficult to resolve. The State Council has outlined the deepening of enterprise reform as the focus of the economic structural reform for 1995, with major goals centering on resolving deep-rooted contradictions and creating new systems.

Major Contributions

Since the introduction of reform, the strategic role of state-owned enterprises and the vigorous development of collective, township and foreign-funded enterprises have been complementary, and have thus created a

situation featuring the sustained and rapid growth of the national economy. In terms of constant prices, between 1979 and 1993, the gross national product (GNP) recorded an average annual growth of 9.3 percent. Non-state enterprises not only benefited from the availability of raw materials, adequate power, public utilities, technology and equipment provided by state-owned enterprises, but also enjoyed favorable conditions the state-owned sector created to ensure their rapid accumulation and development, and the progress all economic sectors gained through competition. State-owned enterprises bore greater responsibility for state financial income, mandatory planning and public welfare, while at the same time supporting the state's efforts to offer different degrees of preferential policies for collective, individual, private and foreign investment. The extensive contributions made by old industrial bases, based mainly on state-owned enterprises, have supported key construction projects and the accelerated opening and development of new industrial areas. In particular, the transfer of a large number of managerial and technical personnel from state-owned enterprises to other enterprises through various channels has helped the latter to rapidly gain strength. Hence, the absence of the support of state-owned enterprises and the heavy burden they shouldered would have made it impossible for China to have achieved such high level reform and economic progress. Without a doubt, state-owned enterprises have and continue to play an irreplaceable role in providing effective channels for supply, assisting in agricultural development, readjusting social distribution, maintaining social stability, enhancing the quality of the national economy and ensuring the normal operation and development of the national economy.

Unequal Competition

Historically, old state-owned industrial enterprises have shouldered a heavy burden. For example, the Shanghai Corduroy Factory once enjoyed a ready market for its products both at home and abroad. Over the past 40-odd years, the factory has paid the state treasury more than 700 million yuan in profits and taxes, a figure several dozen times greater than state inputs. However, confronted with competition of newcomers to the market, particularly foreign-funded and township enterprises receiving preferential treatment from the government, the 65-year-old factory which operates with obsolete equipment is gradually losing its market. This in turn has forced the factory to reduce its output and declare one-half of its work force as redundant. Nevertheless, the factory continues to pay pensions to retirees numbering 1.3 times more than the current number of active employees. At the same time, unavoidable losses have placed the factory in a precarious position.

Many state-owned enterprises face similar problems. In many cases their rate of development has failed to match that of non-state enterprises, and a considerable number are barely surviving due to long-term losses. The plight of state-owned enterprises, revolving around the severe

curtailment of the capacity for self development which has placed them in a position of unequal competition as they strive to gear themselves to a market economy, centers on the following reasons:

- Heavy long-term tax burden. On average, between 1980 and 1993, the profits, taxes and energy and transportation funds paid by budgeted state-owned industrial enterprises accounted for 86 percent of the national total, with actual profits retained representing only 14 percent of their total yield of profits and taxes. According to the report entitled Financial Statistics of State-Owned Enterprises compiled by the Ministry of Finance, the sales income of state-owned enterprises has jumped considerably over the past 15 years, with simultaneous steady increases in payments of sales taxes. Meanwhile, total profits have dropped, and the amount of profits actually retained has remained low. On the other hand, non-state enterprises had a light tax burden and enjoyed differing degrees of preferential policies. Along with implementation of the new tax system in 1994, state-owned enterprises finally enjoyed equal tax rates with non-state enterprises, and thereby acquired the opportunity to engage in equal competition.
- Heavy debt burden. Special conditions led to state-owned enterprises shouldering a heavy debt burden. According to the results of a recent investigation of state-owned enterprises in Shanghai, Tianjin and 16 other cities, the capital of state-owned enterprises available for production and management accounted for a mere 4.61 percent of their total circulating funds. Moreover, various latent losses such as credit sales and other inaccessible capital exceeded one-third of their total circulating funds. The idle capital of a considerable number of enterprises and unavailable channels of circulation resulted in mutual defaults and declining credit.
- Excessive redundancies. Problems surfaced in terms of redundant employees resulting from the economic structure, as well as various other lingering social factors. The former policy of "full employment" has been the major cause of redundancies which are now a major blockade hindering the development of enterprises and the focal point of enterprise reform.
- Public welfare services. From the very beginning, many state-owned enterprises shouldered the burden of providing their employees with various kinds of living services such as housing, hospitals, nurseries and schools, as well as community services such as police protection, savings banks and tax collection offices. Such services siphoned large amounts of productive capital, which in turn hampered the efforts of enterprises to improve production and management efficiency.
- Heavy burden for pension and medical expenses. All state-owned enterprises pay pensions to a considerable number of retirees and allocate a significant level

of funding to ensure health care for their employees. However, over the long term, such enterprises have had little or no accumulation of insurance funds, a fact which has resulted in the current excessive load on pensions and medical expenses. This in turn has placed the enterprises in an unfavorable position in terms of market competition.

- Most state-owned enterprises, which operate with obsolete equipment and backward production technology, have a low-level capability for self-development and require long-term product development cycles.

While some problems formed and accumulated under the planned economic structure, new problems have emerged during the course of reform. Speaking at a 1995 meeting on economic reform, Minister Wang Zhongyu of the State Economic and Trade Commission called for a clear understanding of the grim situation facing state-owned enterprises. Under the current economic pattern with public ownership as the mainstay and the joint development of diversified economic sectors, township enterprises have rapidly emerged to the forefront as a new force, the urban collective economy has continued to expand, and the private and individual economic sectors have experienced sustained and rapid development. Solely foreign-funded enterprises, joint ventures and cooperative enterprises have experienced rapid development as the country has opened its doors ever wider to the outside world. Faced with acute market competition, state-owned enterprises face both internal and external challenges in terms of their existence and development. Wang noted that the on-going situation requires the government to further resolve the deep-rooted contradictions of state-owned enterprises, free and develop their productive forces, consolidate their competitive position as the mainstay of the national economy, and enable them to display their leading role in economic construction.

Short-Term Goals

Minister Wang Zhongyu of the State Economic and Trade Commission stressed that resolving deep-rooted contradictions requires changing the concepts, forms and measures in order to achieve new breakthroughs in enterprise reform. Firstly, the emphasis of enterprise reform should be shifted from expanding decision-making power and profits concessions to the establishment of new systems which will enable state-owned enterprises to enjoy equal competitive conditions with enterprises in other economic sectors. Secondly, main efforts should be shifted from individual reform items to comprehensive and coordinated reform, and combining overall progress with breakthroughs in certain primary areas. Thirdly, priorities should be shifted from improving the management of individual enterprises to upgrading the state-owned economic sector as a whole, effectively combining system reform with technological transformations and reorganization, optimizing the

structure of state-owned assets, completing the strategic shift of state-owned assets, and enhancing the operational efficiency of state-owned assets. Finally, the emphasis of reform should also be shifted from resolving isolated historical problems of state-owned enterprises to coordinated reform of the financial, investment and social security systems, and resolving problems by establishing the enterprise capital system, a system of reserve funds for bad debts, and unemployment and old-age insurance systems.

Vice-Minister Chen Qingtai who is in charge of enterprise reform for the State Economic and Trade Commission noted that imminent tasks facing reform in 1995 will be arduous. However, he pointed out that the following series of reform measures have already been worked out.

- Selecting a batch of enterprises as experimental units for the establishment of a modern enterprise system. The list of 100 units has already been issued.
- Continuing to implement the Regulations on the Transfer of Operational Mechanisms and quickly putting the Regulations on the Supervision and Management of the Property of State-owned Enterprises into practice. The latter regulations, promulgated in July last year, chiefly delineate the property rights relationship of state-owned enterprises, ensure increases and guarantee the value of state-owned property, and consolidate and develop the state-owned economy. A list of about 1,000 enterprises subject to the supervision of supervisory organizations empowered by the State Council will be announced, and related coordination measures will be formulated. Supervisory committees will be sent to various enterprises step by step with the approval of the State Council.
- Using multiple channels to increase the production and management funds of enterprises and establishing related mechanisms. In line with the principle of relying chiefly on enterprises to raise supplemental funds and adopting government policies to encourage such activities, 15 percent of the enterprise income tax paid to the government will be returned to supplement production and management funds.
- Enhancing investments in technological transformations of enterprises. An earnest effort will be made to strengthen the activity by gradually raising the proportion of investments in technology upgrades to more than one-third of the country's total investments in fixed assets.
- Appropriately rearranging redundant employees and separating the public service functions of enterprises. Appropriately rearranging redundant employees requires mobilizing the initiative of the government, enterprises and individuals. The effort will include the adoption of measures such as encouraging the development of tertiary projects, encouraging redundant employees to seek new jobs and encouraging the early

retirement of some employees. The method of relying on enterprises to rearrange redundant employees will gradually be replaced by the regulatory mechanisms of the labor market in order to achieve employment through competition, with the state providing guidance and assistance.

- Separating the public service functions of enterprises will include placing emphasis on separating auxiliary units from enterprises. Enterprises in cities or prefectures with appropriate conditions will be selected to transfer the management of existing public service units such as schools and hospitals to local governments, with the effort designed to explore new avenues for thorough separation.
- Implementing experimental trials with enterprise bankruptcy. In line with the Bankruptcy Law and the State Council's Circular on Issues Concerning the Trial Practice of the Bankruptcy of State-owned Enterprises in Selected Cities which will be promulgated in the near future, a batch of state-owned enterprises unable to repay due debts and have no hope of reversing their loss-making situation will be ordered to declare bankruptcy. Income earned from the sale of property and land-use rights must first be used to make arrangements for unemployed workers and staff. Methods to guarantee the welfare of the employees of bankrupt enterprises will be gradually improved and perfected.
- Adopting various measures to resolve lingering historical problems plaguing state-owned enterprises, such as latent losses, credit sales and excessive debt burdens. Since numerous factors have led to the diversified debts of state-owned enterprises, such debts should not be and most likely will not be exempted or offset completely. Efforts to restructure assets and debts should be carried out in conjunction with the reform of the state-owned assets management and operation system, and the state investment and financing systems.
- Strengthening the internal management of enterprises, managing factories in strict accordance with the law and enhancing the quality of enterprises as a whole.
- Strengthening guidance for the strategic structural readjustment of state-owned enterprises.
- Continuing trial experiments with establishing enterprise groups.

Enterprise System

According to the design of the State Economic and Trade Commission, the strategic targets for enterprise reform between now and the turn of the century are to basically establish the framework and operational mechanisms of a modern enterprise system suited to the socialist market economic structure. Fulfillment of the targets will enable large and medium-sized state-owned enterprises to play the leading role in the socialist market economy.

The basic characteristics of the modern enterprise system to be established in China are as follows:

- Clearly defined property rights relationships. The proprietary rights for state-owned assets of enterprises belong to the state. Enterprises funded by the state and other investors with all property rights enjoyed by legal entities will shoulder specified civil rights and responsibilities.
- Enterprises, using property rights they are entitled to a legal entity, operate independently according to law, assume responsibility for their own profits and losses, pay stipulated taxes, and are responsible for guaranteeing and increasing the assets of investors. [sentence as received]
- Investors enjoy rights and interests in proportion to the amount of capital they have invested in enterprises, as well as proportional rights to enjoy financial benefits, participate in policy decision-making and select managers. In cases when an enterprise declares bankruptcy, investors bear limited liability for debt in accordance with the amount of invested capital.
- Enterprises organize production in line with market demand, and with the objective of enhancing labor productivity and economic returns. The government refrains from directly interfering in the production and management of enterprises. Superior enterprises will survive and the inferior will be eliminated through market competition. Those sustaining long-term losses and failing to offset debts will be forced to declare bankruptcy according to law.
- Scientific enterprise leadership and organizational management systems will be established to regulate the relationship between proprietors, managers and employees, and operational mechanisms combining encouragement and restraint will be formed.

Speaking of the aforementioned characteristics, Vice-Premier Zou Jiahua noted that the most important aspects are to perfect the system to ensure that enterprises are treated as legal entities, institute the limited liability system and establish scientific enterprise leadership and organizational systems. Zou predicted that state-owned enterprises will face an arduous course in the transformation from simply being subordinates of government organizations under the planned economic system to becoming the main bodies of competition under a market economic structure. He pointed to the fact that China lacks mature system experience in this regard. Hence, pilot projects will be launched to accumulate experience for the establishment of a modern enterprise system. The effort to establish a modern system will place China's state-owned enterprises at the forefront of profound reform which will result in major changes in the relationship between the government and enterprises, as well as in the proprietary rights relationship, and the organizational structure and management system of enterprises.

Coordinated Reform

Enterprise reform over the past 15 years proves the inadequacy of simply relying on the reform of enterprises themselves to change operational mechanisms and genuinely transform them into the main body of market competition. Hence, the necessity for the coordinated reform of relevant systems, such as expediting changes in government functions and organizational structural reform, expediting price reform and establishing a market system, expediting the establishment of a social security system and a unified social security management organization, and expediting and perfecting a social service system.

According to a spokesman for the State Commission for Restructuring Economic Systems, in 1995, reform of China's social security system will take a giant stride forward through the establishment and improvement of new unemployment, old-age and health care insurance mechanisms designed to facilitate the deepening of enterprise reform and the establishment of a modern enterprise system. The priority for reform of the social security system will be to ensure the continuous improvement and perfection of the unemployment insurance system. The unemployment insurance fund will be managed in a unified way in accordance with the principles of ensuring inputs on the basis of expenditures and maintaining an appropriate level of reserves. Enterprises currently pay unemployment premiums equivalent to 1 percent of their gross payroll. The major portion of the unemployment insurance fund should be used as a relief fund for the unemployed and paying medical expenses during the period the unemployed receives relief funds. Individuals who have worked for their units continuously for one year prior to being made redundant are eligible to receive unemployment relief funds for two months. The amount of unemployment relief paid is equivalent to 50 percent of the average per capita salary of the relevant locality, a standard which ensures the basic living costs of unemployed workers. Simultaneously, efforts will be made to extend unemployment insurance services from employees of state-owned enterprises to those working for state-owned urban collectives, as well as shareholding, private and foreign-funded enterprises.

In 1995, comprehensive reform of the old-age and health care insurance system will be carried out nationwide. In urban areas, unified old-age and health care insurance will be combined with personal accounts, and the system of spot income and expenditures will be replaced by a system based on contributing and accumulating funds in advance. The old-age insurance system will be formed by multi-level services, including basic old-age insurance, enterprise supplemented old-age insurance, social mutual-aid insurance and personal savings deposits for old-age insurance. Personal accounts will include old-age insurance premiums paid by employees and enterprises in proportion to gross payroll, and old-age insurance

premiums enterprises credit the personal accounts of employees in proportion to the per-capita salary level in relevant localities.

The government will establish a special insurance fund to provide unemployment insurance to employees of enterprises which have suspended production, declared bankruptcy or have undergone reorganization, with capital to be raised from various channels.

Even though state-owned enterprises currently face numerous difficulties in production and management, favorable conditions still exceed unfavorable conditions whether viewed in terms of the background of reform, the opening effort and economic development, or the respective situation of state-owned enterprises themselves. Moreover, favorable conditions are constantly emerging. In general, major measures for reform of the fiscal, taxation, financial, foreign exchange and foreign trade systems undertaken in 1994 have operated normally. This in turn has not only further promoted the normalization and standardization of the macro-control system, but has also provided a basic guarantee for further improving the conditions of state-owned enterprises. The goal of the reform of state-owned enterprises is to establish a modern enterprise system which fits the needs of the socialist market economy and provides them with operational mechanisms approximating those of their counterparts abroad. State-owned enterprises will continue to extend great effort to fulfill the goal during the new year.

RENMIN RIBAO Backs Enterprise 'Parent Body'

HK1701153095 Beijing RENMIN RIBAO in Chinese
2 Dec 94 p 5

[By Zuo Mu (0146 3668): "Modern Enterprises Cannot Do Without a 'Parent Body'"]

[FBIS Translated Text] It is often said that "the property rights of state-owned enterprises are not clear." Actually, the property rights of state-owned enterprises belong to the state. This is clear. The question is, which specific government body exercises owner's rights. This actually is a question of who is qualified to be an enterprise's parent body. Therefore, speaking more comprehensively, one of the tasks of state-owned enterprise reform should be to straighten out property rights ownership relations and clarify enterprise parent bodies.

Why should the question of an enterprise's "parent body" be raised? The property rights of a state-owned enterprise belong to the state; the enterprise and the government continue to have a relationship of leading and being led and of managing and being managed, which is linked by property rights. Given a socialist market economy, it is necessary to emphasize the assets management function of state administrative departments and the role of capital in the distribution of profits, rather than discarding all direct financial management and restraints from the owners of capital.

Over the last few years, people have started referring to governmental bodies in charge of enterprises as "mothers-in-law." They say that their administrative interference is excessive and that, like a meddling mother-in-law, they control many things they should not. According to the "Company Law," enterprises are no longer required to have a competent unit or competent governmental body when they register, marking a significant advance in the reform of China's state-owned enterprises.

Enterprises no longer belong to the competent government bodies. They are no longer affiliates of the government; rather they are independent market operators. This type of reform is in accord with the demands of a market economy and is, therefore, correct and necessary. However, the property rights of state-owned enterprises belong to the state. A relationship still exists between them of leading and being led and of managing and being managed, which is linked by property rights. This is the essential difference between state-owned and nonstate-owned enterprises.

For a long time, competent government bodies have undertaken many management functions toward state-owned enterprises, such as administrative management, planned economy management, and assets management. However, in reality, the function of assets management has been weakened. A head of a provincial industrial department or head of a municipal industrial bureau is very familiar with the yearly output value and annual taxes and profits of the enterprises under his or her administration but has no idea of the amount of the state assets he or she is managing, their original or market value, or their rate of repayment. This is because in actual practice, the higher level leadership has never considered the profit rate to be an important target in assessing official achievements. Moreover, in terms of guiding ideology, the role of capital in the distribution of surplus goods has been de-emphasized or even completely eliminated. Consequently, China's state-owned enterprises are only cognizant of their position in the national planned economy but do not know where the parent body, i.e. assets ownership, is actually located.

However, in practicing a socialist market economy, not only should we not de-emphasize but we should strengthen the role of capital in the distribution of profits. Whoever invests should benefit; equal stock should bring equal profit. Profit should be distributed according to stockholdings. The profit mechanism causes property rights relationships to become increasingly important. In this type of situation, it is necessary to establish a nonadministrative enterprise system, thus enabling enterprises to break away from competent government administrative departments; on the other hand, it is necessary to establish between assets management bureaus of the government and assets operations bureaus (such as investment companies, holding companies, or investment funds), as well as between state assets operations departments and other state-owned enterprises, a completely new administrative system of

leading and being led and of managing and being managed, which takes ownership as the link. It is a requirement that absolutely no extraeconomic coercion exist in this type of new system. Rather, the system should be divided into investors and the company legal person, parent company, and branch company, according to different investment arrangements. In this way, the "family tree" of the capital is totally clear, as are responsibilities, rights, and profits. Obviously, it is totally incorrect to consider that decisionmaking power and independence for state-owned enterprises means that there should be no direct economic controls or restraint from ownership of assets. On the contrary, with the establishment of a market economy, it is urgent that while the old "mother-in-law/daughter-in-law" relationship is being eliminated, ownership be used as the basis to rapidly clarify the position of enterprise investors and enterprise parent bodies.

Reform of the investment system is a basic requirement for establishing enterprise "parent bodies." The investment body must be in place and the act of investing must be that of the enterprise and not the government. It must be clear that the property rights of state-owned enterprises established through bank loans still belong to the state.

There have been generally three major changes in the procedure of establishing new state-owned enterprises in China. From the founding of the PRC until the early 1980's, China's state-owned enterprises were established and developed through appropriations from public finance. Due to the fact that the financial allocation did not need to be repaid, after the completion of investment activities the enterprises were completely managed by the competent departments, with centralized control over receipts and expenditures and centralized responsibility for profits and losses. From the perspective of the overall benefit to the state, it didn't matter who controlled ownership. Another aspect was that, following the commencement of operations by state-owned enterprises, everyone was most concerned with the condition of channels of supply, production, and sale within the planned economy. With all the profits turned over to the state treasury and ownership going to the competent department, why should the enterprises bother to take a lot of trouble upon themselves? Under such a situation, although there is no question about the state-owned nature of enterprises, the merely "nominal" nature of ownership is an incontestable fact.

In the mid-1980's, an investment system was implemented in which appropriations were replaced by loans. Newly established state-owned enterprises shifted from planned appropriations to planned loans. However, the capital still came from appropriations from public finances, and before-tax loan repayment was also implemented, leaving the state-owned nature of enterprises unchallenged. However, following the change from before-tax to after-tax loan repayment, ownership relations became increasingly unclear, with the result that

quite a few people suspected that perhaps those enterprises "owned by the whole people," whose establishment depended entirely on loans, still had the nature of state ownership.

The basic reason for this phenomenon is that the investment body is not in place. As of now, the process of establishing new enterprises in China is still being carried out according to the principles of a planned economic system. The enterprise is not a project established by the government and investment is not carried out by investors; nor do investors apply to launch a project and conduct project development after obtaining approval. The establishment of new enterprises in China is implemented through state "noncapital operations." First the state or competent government department submits an application to launch a project; following approval, an enterprise leading group is appointed by the party and government departments and the enterprise applies for a bank loan according to the plan. Investment in some enterprises is nominally jointly provided by the central government and localities, while in reality what occurs is nothing more than the central government and localities separately borrowing money from the bank, or transferring a portion of revenue from public finances to the bank to be used for the loan. After the enterprise is established and commences operations, the loan is repaid from profits. If the enterprise's business situation is unfavorable and its debts pile up, it has nothing to do with the state; if business is good, it will pay off its debts. In this process of creating state-owned enterprises, enterprise capital comes entirely from loans, which are repaid by the enterprise. The enterprise becomes a so-called "noncapital enterprise." Therefore, the enterprise considers itself rather than the state as the owner of its assets. This is the origin of the mistaken concept of so-called "enterprise ownership" which was popular in China for a time.

Whether from a legal or a theoretical perspective, an enterprise is not and cannot be the actual owner of its own assets. The enterprise legal person nominally represents the owner but it is only the investor who is the true owner of the enterprise's assets. The enterprise legal person's power to allocate assets is sometimes briefly referred to as "corporate property rights." Thus, putting the stockholder rights together with corporate property rights can easily create misunderstanding, leading to the mistaken belief that the corporation possesses a portion of property rights totally unrelated to stockholding rights. Actually, the enterprise's power to allocate assets is only an expression of stockholding rights. It is a right derived from and determined by stockholding rights. Therefore, it is not appropriate to refer to the enterprise's power to allocate assets as property rights.

This situation is expressed in Singapore in the following manner. The ultimate or actual ownership of enterprise assets belongs to the stockholders; the ownership of the enterprise legal person is only ownership in form and name. In Hong Kong, the two different terms "property

rights" [chan quan 3934 2938] and "proprietorship" [ye quan 2814 2938] are used. "Proprietorship" refers to operations rights and utilization rights, that is, the enterprise's power to allocate assets.

We can use the above terminology as reference. I suggest that in order to avoid confusion, enterprise stockholding rights should be referred to as property rights and the enterprise's right to distribute assets be referred to as "proprietorship." Proprietorship is merely legal and nominal ownership, whereas property rights refer to actual ownership by investors. In order to untangle the relationship between the state and state-owned enterprises, it is completely necessary to conceptually distinguish between property rights and proprietorship and between actual and nominal ownership.

Let us now return to a discussion of the question of ownership of China's noncapital enterprise property rights. A portion of the bank loans on which the establishment of China's state-owned enterprises depend comes from planned appropriations which have been transformed into bank credits and which permit before-tax loan repayment. Therefore, the property rights should still belong to the state. As for after-tax loan repaying enterprises, although these enterprises have been set up entirely with bank loans, the ultimate responsibility for repaying debts still rests with the government, therefore their nature should still be determined as state-owned.

However, the state-owned enterprise investment system is in need of reform. From the first day of a new enterprise's establishment, the investment action must be that of an enterprise and not that of the government. The government is the owner of state-owned enterprises but it should not become their operator. We must either entrust or contract out the management of state assets to state assets operations companies (holding companies or investment trust companies are also acceptable). When setting up new enterprises, the investment should be provided by these operating organs in the form of registered capital. If a loan is to be sought from a bank, state assets operations companies or other investors must make the application and be responsible for repayment. The lender/debtor relationship arising from the establishment of an enterprise can occur only between the bank and the investors and has nothing to do with the newly established enterprise. This is because the enterprise has at this point not yet been created. At this time, before the bank has approved the loan, an even more important thing than the feasibility study of the project itself is the appraisal of the investors' background, their financial income and expenditures situation, loan repayment ability, and reputation, etc. New enterprises established according to the above procedure and regulations are no longer noncapital enterprises totally dependent on bank loans for their establishment. They are not enterprises without a parent body; rather they are a new-type enterprise with clear property rights, totally able to meet the demands of a market economy. It can be said that

reform of the investment system is an important prerequisite for the construction of a modern enterprise system.

Deepening reform of state-owned enterprises is the main content of reform of the economic system and reform of the investment system is strongly interrelated with deepening reform of state-owned enterprises.

Without a doubt, when reforming the investment system, the phenomenon of no noncapital operations must not be allowed to reappear during the establishment of new enterprises. This is also an effective measure for controlling inflated investment of fixed assets.

By conscientiously changing government functions, modern enterprises, with no "mother-in-law" but with a "parent body," will surface naturally. In actual operation, to separate government and enterprise, we can implement the method of "provide a prototype operation and water will carve its own channel" and gradually disband, merge, or simplify administrative departments.

An additional reform closely related to the establishment of a modern enterprise system is the transformation of government functions. This reform will allow for the separation of the functions of state administration and state socioeconomic administration from the function of state property owner, prompting the early creation of modern enterprises without mothers-in-law but with a parent body.

One of the periodic targets in China's structural reform is the separation of state and enterprise functions and responsibilities and the implementation of independent enterprise accounting and an enterprise's responsibility for its own profits and losses. This goal was clarified a long time ago and also underwent repeated experiments. However, development has been slow and achievements limited.

One of the most impressive reform measures has been the elimination in recent years of the Ministry of Textiles Industry and several competent industrial departments and their transformation into trade associations. The greatest drawback of this reform is that it did not resolve the question of management of state property ownership. The enterprises' mothers-in-law are gone but they do not have a parent body either. The competent industrial departments originally combined the functions of enterprise property ownership and administrative power in one body. With these departments eliminated, who controls ownership? The State Assets Administration Bureau? Probably not, since the level of state assets administration departments is relatively low. Under the current structure, they are not capable of assuming the entire task of state assets administration. Because the recent transformation of the industrial ministries into industrial associations was unable to rationally resolve the management system of state property rights, it is still necessary for reform of relevant institutional reform to continue to advance according to new ideas.

At the same time that the state was disbanding a number of industrial departments, some local governments were also making some energetic attempts. A certain city directly under the provincial government disbanded the majority of their competent industrial bureaus. Due to reasons such as lack of coordination between higher and lower levels, these attempts resulted in repeated setbacks and unspeakable bitterness.

The above experiences prove that there are both theoretical and practical difficulties involved in advancing reforms for the separation of government and enterprise. Due to entrenched habits, as well as the remnant role of the planned structure, it is not yet clear whether the abrupt abolition of so many competent industrial and commercial departments will cause disruption in economic operations. In the course of my recent investigations, I have talked with leading comrades from local party and government organs about a flexible method which can be summarized as: Provide a prototype operation and water will carve its own channel.

The specific idea is to establish state assets administration committees at the provincial/municipal or city/prefectural level, led by principal party and government officials of the same level. These administrative committees will have within their purview, responsibility for the administration of state property rights, including delegating the operation of state-owned enterprise assets, approving enterprise financial rescheduling, selling and reorganizing enterprises into shareholding companies or limited liability companies, as well as coordinating the relations between property right and management rights among various industrial departments, etc. However, they will not engage in assets operation activities. At the same time, each competent industrial bureau will be divided into two or three sections and undertake prototype operations. One section will be responsible for state assets operations and can develop in the future into a state assets operations company or holding company. One section will be responsible for matters such as administration, planning, and mediation but will not undertake state assets administration or operations. In some industrial bureaus with numerous enterprises or a relatively heavy workload, a trade association may also be organized, to serve as a nongovernmental coordination institution, and provide the grass-roots enterprises with information and consultation, trade discipline, price coordination, and other services. As far as a city goes, half a year of prototype operations should be sufficient for the separation of government and enterprise. By then, administrative departments can be disbanded, merged, or streamlined.

***Book Extract Views '95 Consumer Goods Market**
95CE0187A Beijing JINGJI CANKAO BAO in Chinese
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[Extract of book by Xu Changming (1776 7022 2494), manuscript supplied by the National Information Center]

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phone hotline; edited by Wang Yongzeng (3769 3057 1073): "China's Market Outlook for 1995, (1)—Analysis and Projection of the Consumer Goods Market"]

[FBIS Translated Text]

- Economic development poses an objective demand for steady growth of demand in the consumer goods market.
- A rapid rise of incomes of urban and rural populations provides a sound basis for the consumer goods market.
- Demand grows equally fast in the urban as in the rural markets, and development will involve every type of consumer goods.
- "Categories of desirable commodities" have initially evolved and become a new sector of growth in the consumer goods market.

I. Analysis of the 1995 Market Environment

In the last few years, China's consumer goods market has been one of frequent fluctuations, and the causes of these fluctuations have always been related to the market environment. How, then, will the consumer goods market act in 1995? The following will analyze several different aspects of this question.

1. A period of an economic take-off and the very low level of actual consumption have provided a steady and sustained foundation for the expansion of the market's absorption capacity. (1) The next 20 to 30 years will be a period when the Chinese economy will develop by leaps and bounds. During this period, China's economy will rapidly gain in strength, and the living standard of the people will markedly rise, i.e., rise beyond the modestly comfortable level to gradually achieve a level of moderate prosperity. A basic characteristic will be the continuous expansion of the people's consumption demand, a demand that will maintain a very strong momentum among the urban and the rural populations for more and better quality commercial consumption goods, comprising all the basic necessities such as food, clothing, shelter, utilities, and transportation. (2) There is a huge potential in the rural market. Some of China's rural households have achieved a modestly comfortable standard of living in advance of the rest, and most households have enough to eat and wear, but the overall level of consumption is still rather low. A large portion of the rural population cannot hope to have their various demands met, and this leaves a huge market potential for quite some time to come. (3) For a certain period of time in the future, the products that will sustain a huge expansion of the urban market will be commercial housing and private cars, and the articles that will stimulate development of the rural market will be color TVs, refrigerators, washing machines, and other large durable consumer goods with high added value. However, judging by the present level of incomes and related conditions, it is not likely that cars and commercial housing will soon and on a large scale be available to

urban households. Judging by the prevailing purchasing power, conditions in the rural market may appear to be ripe for the introduction of a large volume of durable consumer goods into peasant households, but it is still not likely that large durable consumer goods will within a short period of time reach the peasants, considering the difficulties of obtaining electric power and their consumption mentality and habits. Introduction of these goods will have to be at a steady pace and rather gradual.

2. As the economy develops in 1995, it will pose an objective demand for steady growth of demand in the consumer goods market. The high currency inflation, which has now lasted for over two years, has become a conspicuous problem threatening the healthy development of China's economy and a focus of attention for all circles of society. Stopping currency inflation will therefore be the primary task in all of next year's economic endeavors. If next year's economic development maintains the growth rate of the 1992-1994 period, strong inflationary pressure will persist. According to calculations, maintaining in 1995 a 9 percent growth rate of the gross domestic product (GDP) would be most suitable, but in actual operations the GDP could possibly reach 10 percent, and a GDP growth rate of from 9 to 10 percent is bound to cause a corresponding increase of consumption demand, which will also substantially enliven the market for consumer goods.

3. In 1995, the incomes of China's urban and rural populations will again rise very rapidly, providing a steady foundation for the consumer goods market. First, cash income of the urban population will maintain advances of a certain strength. Large increases in the salary/wage incomes of staff and workers are anticipated next year. At present, wage income accounts for 60 percent of the total cash income of the urban population, the other 40 percent being also directly or indirectly related to wage incomes. Second, with high base figures, the cash income of the rural population will continue to increase substantially. The rural population derives 80 percent of its cash income from the sale of agricultural and sideline products, and that, together with income from labor services and unified operation collectives, make up the three parts of their incomes. This year, the state has considerably raised procurement prices for agricultural and sideline products, thereby directly increasing peasant incomes. Prices at country fairs have also, to varying degrees, gone up, and, influenced by grain prices, prices for pork, beef, and mutton have also gone up considerably, all of which has greatly increased peasant incomes this year from the sale of agricultural and sideline products. Town and township enterprises and rural private enterprises are entities that presently show the most vitality in the Chinese economy, and their further development is expected next year. We can therefore be sure that peasants will in future earn much more income from their business operations. A 9 to 10 percent growth rate of the GDP will also provide much opportunity for the rural population to earn additional income from labor services. The steady increase in these

three types of income is providing a sound foundation for future peasant incomes. Third, the purchasing power of social institutions will be favorably and vigorously maintained, and will also have a kind of exemplary and stimulating effect on the consumption of the population. Purchases of consumer goods by social institutions during 1979 to 1990 increased at an average annual rate of 14.6 percent. During the 1991 to 1993 period they increased at an average annual rate of 23.1 percent, while this rate reached 27.8 percent in 1993, thus showing a tendency of continued fast increases. If no strict measures are taken next year, the purchasing power of the social institutions will still maintain their very high growth rate, and their aggregate scope may exceed 200 billion yuan.

The combined effect of the three factors discussed above will ensure a continued, very dynamic state of the consumer goods market next year.

II. Forecast and Trend Analysis of the 1995 Consumption Market

1. There are three different possible scenarios for next year's consumer goods market:

The low scenario: Market operations will be steady but tend to be on the weak side, social consumer goods sales will be around 16 percent over that of this year. If the state makes fighting inflation its primary objective in next year's regulation and control of the national economy, this will definitely strengthen its macroeconomic regulation and control, there will be strict retrenchment in financial and currency policies, and there will be control of the scale of investments in fixed assets and excessively rapid increases in consumption funds. Under these circumstances, the rise in commodity prices could be controlled to within two digits, the mentality of the people with regard to consumption will stabilize, consumption will tend to be undertaken cautiously, demand for consumer goods will grow at a comparatively slow pace, and the amount of the year's total retail sales of consumer goods could be anticipated to reach 1,821.2 billion yuan. This would be an actual increase (i.e., after deductions for the commodity price factor) of 7.4 percent over this year and somewhat weak compared to what it should be in a normal year.

The medium scenario: Market operations would proceed at a medium pace, and the retail sales of social consumer goods will be around 20 percent over that of this year. If appropriate objectives are pursued in macroeconomic regulation and control, if all policies of macroeconomic regulation and control harmoniously and rationally fit the situation, and if they are pursued with moderation, then the national economy will continue to perform quite well, investment and consumption demand will grow at an adequate pace, the consumer goods market will be quite lively, and the retail sales of social consumer goods throughout the year will reach somewhat over 1.88 trillion yuan, an increase (after deductions for the commodity price factor) of 9.1 percent, which can be considered a normal level of increase.

The high scenario: The market will gradually warm up, and retail sales of social consumer goods will increase around 25 percent over this year. If the state continues to aim at the economic growth rate as the primary objective in its macroeconomic regulation and control, then it will have to implement a rather more liberal macroeconomic policy in order to maintain a comparatively high economic growth rate. Under these circumstances, the scale of bank loans and investments in fixed assets will go up at a fairly rapid pace, industrial production will rise rapidly, commodity price increases will remain at a high level, cash incomes of the urban and rural populations will be able to realize large increases, and the amount of retail sales of social consumer goods can be expected to reach 1.96 trillion yuan, which would be an increase (after deductions for the commodity price factor) of 11.6 percent, and this would indeed be a rather high level of such an increase.

2. The urban and rural markets will grow at a nearly equal pace, but the gap between the markets will widen somewhat. Judging by the present state of China's macroeconomic operations, it is necessary next year, on the one hand, to consider the continuity of economic development and not let it bounce up and down too rapidly, and, on the other hand, to give utmost attention to a substantial reduction of the rate of currency inflation. It would therefore be essential to adopt an adequately liberal policy in macroeconomic regulations and control, as a result of which the consumer goods market could very well assume the level of the medium scenario and market operations will proceed steadily at a medium pace. Looking separately at the urban and rural markets, an expansion of the rural market at a much more rapid pace than that of the urban market, as happened in the 1979-1985 period, will not occur again, and it is also hardly possible that the so much more rapid expansion of the urban market than the rural market, as happened in the 1986-1993 period, will occur again. Both the urban market and the rural market will rather develop at the same pace. It is anticipated that the amount of retail sales in the urban market of social consumer goods will reach 1.1419 trillion yuan, an increase of 22 percent over this year, and that retail sales in the rural market of social consumer goods will reach 742.1 billion yuan, an increase of around 17 percent over this year. Retail sales of social consumer goods in rural areas will account for 39.4 percent of all retail sales of social consumer goods throughout the country, which will actually be a small decline compared to this year.

3. Markets for all types of consumer goods will develop well, and foodstuff will still occupy the dominant position. As commodity-type consumption is the principal component of consumption expenditure in China, there will hardly be any marked change in the consumption structure of the population. Increases can therefore be predicted for next year in market demand for such products as foodstuff, clothes, articles of everyday use, and stationery, and these increases will essentially be at a uniform pace. However, particular attention must be

paid to the changing trend in types of foodstuffs. Since 1985, there has been an upward trend in the proportion of food within the overall amount of retail sales of social consumer goods, namely, in 1985, 52.7 percent; in 1988, 54.2 percent; and in 1992, up to 55.4 percent, which is 3.6 percentage points higher than in 1978, i.e., prior to reform and opening up. The upward trend is expected to continue in the 1994-1995 period, and the percentage is expected to reach 56 in 1995. Serious attention must therefore be given next year to the market demand and supply situation for foodstuff.

4. "Categories of desirable commodities" have initially evolved and demand for them will continue to grow next year and during the last years of the 1990's. During the 1980's, China's consumer goods market was extraordinarily lively, and during the 1980-1990 period, retail sales of social consumer goods rose at an average annual rate of 15 percent, which, after deductions for the commodity price factor, was an increase of 7.72 percent. An important effect on these increases must be seen as the rapid popularization of large durable consumer goods among the urban and rural populations. At the start of the 1990's, the consumer goods market had not yet shown a nationwide uniformly concentrated demand, and the comparatively large expenditure of citizen purchasing power on large durable consumer goods is hardly likely to recur in the future, mainly for the following reasons:

First, the tendency toward "equalization of incomes" has definitely been abandoned, and the tendency that is evolving more and more is obviously one of "stratified incomes." On the one hand, there are now many cases of people earning high incomes of several tens of thousands of yuan, several times over 100,000 yuan, and even over one million yuan. On the other hand, there objectively exist many households only at the mere subsistence level, while the majority of households, however, are now passing from the level of just having enough to eat and wear to the level of a moderate prosperity.

Second, "conformity in consumption" is a vanishing trend, while the new trend is toward "diversification of consumption."

As an effect of both the trend in incomes and in consumption, consumption patterns will widely differ among households of different income levels. Low income households will in the near future be able to concentrate their consumption only on the basic daily necessities. Households at the medium income level, apart from satisfying all their needs of daily necessities, will gradually be able to expend funds on raising the quality of their lives. Households with high incomes may then also consider the purchase of commercial housing and private cars. For the last years of the 1990's and for an even longer period, citizen consumption will evolved toward a series of "desirable items of consumption," namely:

1) Interior decoration as well as ordinary durable consumer goods; 2) electrical home appliances; 3) nutritious

food, health food, convenience food; 4) brand-name clothes, luxury-type articles of everyday use; and 5) commercial housing and private cars.

These categories of desirable commodities constitute one of the important factors in the future long-term development of the consumer goods market and will have a certain stimulating effect on the consumer goods market of 1995.

5. Divergence in the flow of purchasing power will continue to increase. First, changes will rapidly intensify in the housing, health service, and insurance systems, and citizen expenditures in these lines will of course increase. Second, charges in the service industries increase considerably year after year, increasing citizen expenditures on these services, and this is, furthermore, a developmental trend for a long time to come. Third, there are an increasing number of financial items to buy. Presently, every year the state issues treasury bonds valued at over 100 billion yuan, 70 percent of which may be bought by individuals. Then there are also all kinds of treasury bills, corporate bonds/debentures, and the ever expanding stock exchange, and it is thus estimated that in 1995 citizen expenditures in all these areas will increase considerably. Fourth, citizen saving deposits will in future tend to increase very rapidly. The balance of saving deposits for the period January to August of this year was 43.4 percent higher than for the corresponding period last year, and next year the balance of saving deposits is also expected to increase considerably, perhaps at a rate of over 25 percent.

Statistics Bureau: Consumer Price Index Falls in Dec

OW1801081595 Beijing XINHUA in English 0800
GMT 18 Jan 95

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—China's consumer price index (CPI) continued to fall, down two percentage points in December, 1994, from November, according to the State Statistics Bureau today.

A report issued by the bureau said that the consumer price index last month rose by 25.5 percent on a yearly basis. In November of last year, the CPI stood at 27.5 percent.

The report said that inflation was more serious in rural areas than in the cities, with the CPI rising 26 percent in rural areas, 1.1 percent higher than that for the urban areas.

The monthly report said that China's industrial sector grew steadily, with output reaching 172.2 billion yuan in December of last year, up 15.5 percent from the same month in 1993, but down 8.1 percent from November, 1994.

According to the bureau China's domestic market continued to be prosperous, with retail sales hitting 192.2

billion yuan in December of last year, 35.5 percent higher than the same month of 1993.

The report said that with adjustment for inflation figured in, retail sales actually increased by 10.2 percent in December of last year, on a yearly basis. Retail sales rose by 13.3 percent in the urban areas, against a rise of 6.8 percent in the rural areas.

The report also said that China enjoyed favorable returns on foreign trade in December. During that month, exports totalled 18.5 billion U.S. dollars, up 36.8 percent over the same month of 1993, while imports totalled 17.9 billion U.S. dollars, down 0.9 percent from a year before.

The bureau said that China's financial sector also proceeded steadily in December, 1994, with deposits on the increase and loans decreasing. In December of last year, the report said, state banks saw a rise of 36.3 billion yuan in deposits, 10.9 billion yuan more than for the same month of 1993.

However, in December the banks lent 108.8 billion yuan in loans, 5.4 billion yuan less than the figure in the same month a year earlier.

Construction Industry To Concentrate on Housing in '95

OW1701160895 Beijing XINHUA in English 1507 GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China will inject 160 billion yuan (about 18.8 billion U.S. dollars) this year into real estate development, twice the figure for last year, and 80 percent of the funds are to be used in the construction of houses for ordinary residents, said a senior government official here today.

Speaking at a national conference on construction work, Hou Jie, Minister of Construction, said that luxury projects will be strictly banned this year in order to guarantee funds for housing projects.

This year, the Anju ("comfortable housing") Project, a program that aims at building more houses for low- and medium-income urban citizens, will be started in some of large cities, said Hou.

Funds for the project will come from policy loans of the central government, housing foundations, revenues from sales of houses, and other resources of local governments, he said.

Under the ambitious project, every household will have a comfortable but relatively cheap residence with an average living space of eight sq m [meters].

Steps will be speeded up together with the project to bail the households with low incomes out of living difficulties, the minister said.

In 1994 the average living space improved by 0.2 sq m to 7.7 sq m over 1993, Hou said, adding that house renovation and living conditions have made great progress in major Chinese cities.

However, the minister pointed out, China still has over four million households whose per capita living space is under three or four sq m.

The Chinese government has vowed to solve their living difficulties by the end of this year, and has set a target for the country's urban citizens of no less than six sq m of living space per person by the year 2000.

Hou said that his ministry also plans to set up housing savings banks to help more people purchase houses.

Electronics Industry To Maintain Growth in '95

OW1701221295 Beijing XINHUA in English 1400 GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—China's electronics industry is expected to enjoy a golden time this year, maintaining its high development rate, especially in its fledgling electronic information services industry, according to a senior official here.

Hu Qili, minister of Electronics Industry, told a national working conference today that the gross output value of the industry could reach 220 billion yuan (about 25.9 billion U.S. dollars)-worth this year, a 20 percent rise from the 1994 figure.

Moreover, the industry will generate profits totaling 6.5 billion yuan this year, and pay over 5.5 billion yuan in taxes.

Hu predicted that the ratio between production and marketing will surpass 96 percent, and the export volume of electronic products will be more than 13 billion U.S. dollars-worth, up 18.2 percent over last year.

As a pillar industry in regional economies, the electronics sector in some provinces and municipalities will see an increase of over 30 percent in the sector, according to local governments' plans for this year.

As one of the most promising sectors in a country undergoing a modernization process, Hu noted, the electronics industry will play a crucial role in the implementation of the state's key information projects.

He said that the state-funded information highway program, the "Golden Bridge Program", will speed up the testing and adjustment of the network control centers, and the connection with satellite ground stations, optical-fiber networks, special networks and other terminals in 24 provinces and municipalities.

A survey report reveals that, along with a rapid development of the country's information projects, the market demand for related electronic products will sharply increase in the next few years.

The domestic market's annual demand will include 10 million to 12 million lines of program-controlled exchanges, 1.5 million sets of mobile telecommunication equipment, one million fax machines, more than 1,000 satellite receivers, 800,000 to one million personal computers and 250,000 to 300,000 terminals.

Statistics show that the industry's total output value was a record 185.9 billion yuan-worth last year, up 31 percent over the previous year. It turned out profits and taxes totaling 10.5 billion yuan, a 39 percent hike from the 1993 figure.

In the meantime, the industry attracted overseas investment totaling seven billion U.S. dollars, and boasts more than 8,000 foreign-funded enterprises across the country.

Cities Promote Economic Standards of Ethnic Minorities

OW1801044095 Beijing XINHUA in English 0420
GMT 18 Jan 95

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—Beijing, Tianjin and Shanghai, three leading municipalities in China, are making special efforts in promoting economic development in communities of ethnic-minority groups.

With the help of the Beijing municipal government, three ethnic minority townships in the city produced a total of 500 million yuan in revenue last year, a sharp increase over the figure for the previous year. Twelve Beijing districts and counties have fostered close ties with the same number of banners (counties) and cities in the Inner Mongolia Autonomous Region to help them with their economic development.

Tianjin, where over 200,000 ethnic-minority people live, has invested over 10 million yuan in the past few years to help with the economic and social development of ethnic minority people. So far, five out of the six ethnic-minority communities in the city have been lifted out of poverty, with the per capita income reaching 1,344 yuan a year.

Shanghai has set aside 500 million yuan over the past few years to help ethnic people escape poverty in Yunnan Province, and the Ningxia Hui, Xinjiang Uygur and Tibet autonomous regions. The municipality has also signed over 3,000 co-operation contracts with Guizhou Province and the Guangxi Zhuang Autonomous Region to help promote their economies.

Foreign Trade & Investment

Beijing Boosts Enforcement of IPR Protection

HK1801042495 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 17 Jan 95 p 1

[By Chen Zujia (7115 5371 3946): "China Has Increased the Weight of Law Enforcement in Intellectual Property

Rights Protection and Has Scored Marked Achievements in Investigating and Handling Activities Which Violate Intellectual Property Rights"]

[FBIS Translated Text] Beijing, 16 January (RENMIN RIBAO)—According to the stipulations of the departments concerned, beginning on 1 April this year, without registration approval from the Press and Publications Administration, all units will be prohibited from copying and making compact discs and laser video discs without exception. This is another important new measure taken by China to protect intellectual property rights [IPR] after it stepped up its efforts to vigorously enforce the IPR Law last year.

At a news briefing on IPR law enforcement, which was held here today, a spokesman from the State Council IPR Office said: In its current drive to intensify law enforcement in IPR protection, China lays stress on investigating and handling the pirating of audio and video products, computer software, and books and periodicals; IPR violations which include the forging of world famous trademark; and serious patent rights violations and behavior based on improper competition.

On 10 January this year, the State Council IPR Office set four demands for various localities: 1) A plan to inspect law enforcement should be worked out and implemented immediately and law enforcement inspection teams are required to report the results of inspections once a week; 2) local governments should do a good job of investigating and handling piracy activities within their own administrative regions and should cleanse the pirated goods market; 3) all provinces should earnestly inspect and rectify compact disc and laser video disc production lines, including detailed lists of products, production authorization, records of violations of the IPR Law, and the results of investigations and punishment, in regions within their jurisdiction; and 4) a good job should be done in spreading general knowledge about IPR law and conducting professional training.

It has been learned that in recent years China has quickened the pace of its legislation on IPR and has established a IPR legal system, which is basically complete and follows international practice. Since the State Council set up the IPR Office last year, 22 provinces, autonomous regions, and municipalities in the country have set up their own IPR offices to guide and coordinate work to protect IPR. Higher and intermediate people's courts in some localities have set up judicial sections on IPR one after another to specially investigate and handle IPR cases.

While enacting legislation and making use of both administrative law enforcement and judicial protection, China has scored marked results in investigating and handling all forms of violations of the IPR Law and cracking down on criminal activities according to the law.

By the end of last year, trademark management departments across the country had cracked 140,000 trademark violation cases, of which 11,000 cases have been handled and 86 persons handed over to the judicial organs for handling.

The State Publications Bureau [chu ban ju 0427 3652 1444] is cracking down on the most prominent audio and video product pirating and is tracing their sources. By the end of last year, more than 2.2 million pirate laser discs had been seized and confiscated. To check piracy activities, it has been further stipulated that in future, domestically made compact discs and laser video discs must use a disc source identification code (SID). This measure has been effectively implemented and more than 1.58 million issues of illegal publications have been seized and confiscated.

Procuratorial organs and courts have also achieved good results in cracking down on activities violating IPR.

State Copyright Bureau Introduces Registration System

HK1801063895 Beijing RENMIN RIBAO in Chinese
14 Jan 95 p 4

[By staff reporter Ma Licheng (7456 4539 2052): "Copyright Registration System To Be Implemented Throughout the Whole Country"]

[FBIS Translated Text] Beijing, 13 Jan (RENMIN RIBAO)—In order to protect intellectual property rights [IPR] and curb copyright piracy, a Copyright Registration System is to be introduced and come into force across China this year. China's first case of voluntary copyright registration took place in Beijing on 12 January. "Trying Pirates," a large literary work based on facts, by Beijing writer Wu Haimin, has been registered with the Beijing Municipality Copyright Bureau and has been issued Copyright Registration Certificate No. 1. Meanwhile, four other large literary works by the same author have also been issued Copyright Registration Certificates No. 2 to 5. Beijing's Huayi Publishing House has signed a contract with the author and has thus been exclusively authorized to publish this series of books.

This application for copyright registration was approved after thorough study and discussion between the State Copyright Bureau and the Beijing Municipality Copyright Bureau. The Beijing Municipality Copyright Bureau carefully examined all five books concerned and verified that they are all personally created works which are entitled to independent copyright. At a copyright registration ceremony, the official in charge of the Beijing Municipality Copyright Bureau handed over to Wu Haimin the Copyright Registration Certificates and a special copyright logotype, which Huayi Publishing House will print on the copyright page of each copy of the books.

The Copyright Registration System, which has just been introduced this year, will be enforced by all local copyright registration agencies, step by step, under the centralized administration of the State Copyright Bureau.

This is another true step taken by China in its efforts to intensify IPR protection. Authors of manuscripts which have not been registered before may now have their works registered with local copyright administrations, on a voluntary basis. Foreigners who intend to have their works published in China can lodge their application for copyright registration with the State Copyright Bureau.

Tianjin Mayor Talks With U.S. Corporation Delegates

SK1801022895 Tianjin TIANJIN RIBAO in Chinese
24 Dec 94 p 1

[FBIS Translated Text] Mayor Zhang Lichang met with William Billot [name as transliterated], president of the U.S. North America Group Corporation [bei mei ji tuan gong si 0554 5019 7162 0957 0361 0674], and his party on 23 December. The guests and the host exchanged views on acceleration of the technical transformation of old enterprises and the cooperation in a copper smelting project in a frank and friendly atmosphere.

Copper smelting is an important basic raw material project approved by the state, which will require an investment of \$150 million, and which will play a positive role in adjusting the industrial composition and promoting economic development. The North America Group Corporation is a large corporation that is over 200 years old [as published], whose major business is financial investment and which has close ties with some transnational companies of the United States. A great amount of work has been done for the copper smelting project, which is proceeding smoothly.

During the meeting, Zhang Lichang extended a welcome to the guests for coming to Tianjin to hold further talks on the cooperation. He said: As an old industrial city, Tianjin has a long history in copper smelting and processing of copper materials and also has mature technical measures and technical workers. The major problem is the old equipment, backward technology, and small scale of the enterprises. As long as we have the determination to technically transform these enterprises, good results will be achieved.

Zhang Lichang held: Copper smelting is a very good project capable of putting the supply of raw materials and the marketing of products on the world market and capable of processing goods using supplied raw materials, thus having broad market prospects. The municipal government attaches great importance to this project and hopes that a contract will be signed and construction will begin at an early date. Wang Shuxu, director of the municipal foreign economic relations and trade commission; Chen Haodong, director of the municipal planning commission; and persons in charge from the metallurgical bureau and other relevant departments were present at the meeting.

Trade Ministry Sets Goals To Revitalize Exports

HK1801092195 Hong Kong CHING CHI TAO PAO in Chinese No 47, 28 Nov 94 p 31

[From the "China Economic News" column: "Targets for Fully Revitalizing Export Industries"]

[FBIS Transcribed Text] The Ministry of Foreign Trade and Economic Cooperation has recently set the following goals for fully revitalizing export industries:

- Top importance to be attached to mechanical and electrical products.** To adapt to the changing demands of the international market and to keep abreast with the rapid growth of hi-tech commodities in international trade, it is necessary to quicken the pace of upgrading the export product mix, heighten their grade, raise their level, and improve their benefits. Stress should be laid on supporting and developing hi-tech and high value-added export products so that technology-intensive industries will gradually become leading export industries, goals for developing domestic industries will merge organically with the upgrading of exporting industries, and new advantages in international competition will be fostered. Of all the export industries, importance should be attached to the mechanical and electrical industry, the chemical industry, and the metallurgical industry, with the mechanical and electrical industry receiving the greatest attention. By the end of the 1990's it should become the No. 1 export industry, and by the year 2000 its export earnings should reach \$60 billion.
- Upgrade existing industries.** Support should be given to the export expansion of certain high-tech industries, enabling them to become important export industries for China by the end of the 1990's. These industries should include computer software, communications products, life sciences, aerospace technology, micro-electronics, opto-electronics, a streamlined mechanical and electrical industry, biotechnology, and materials science. Future development should focus on depth and precision work in order to create more added value per unit.
- Exports of raw and unprocessed materials should decrease.** There is a need to readjust the export structure of primary products, where the amount of fuel and raw materials should decrease in the amount of exports.

Changsha Approves More Foreign-Funded Firms

OW1801052455 Beijing XINHUA in English 0517 GMT 18 Jan 95

[FBIS Transcribed Text] Changsha, January 18 (XINHUA)—Changsha, capital of South China's Hunan Province and a well-known historic city, approved 244 new foreign-funded enterprises last year.

According to officials with the Foreign Investment Promotion Bureau of Changsha, foreign-funded enterprises

that got approval last year have contracts totalling 250 million U.S. dollars in foreign investment. Among those approved, 40 involve 10 million U.S. dollars in foreign investment each.

In the past year, foreign-funded enterprises in the city that are operational have generated two billion yuan in output value and 210 million yuan in profits and taxes, earning 52 million U.S. dollars from exports, all showing a marked increase over the previous year.

A total of 60 large and medium-sized enterprises in the city have improved the quality of their products and increased their exports by introducing foreign investment.

Companies Insure Xiaolangdi Water Control Dam

OW1701110495 Beijing XINHUA in English 0837 GMT 17 Jan 95

[FBIS Transcribed Text] Zhengzhou, January 16 (XINHUA)—The People's Insurance Corporation of China, Henan Branch, together with three other foreign companies, has provided insurance for the Xiaolangdi Water Control Dam on the middle reaches of the Yellow River.

According to officials with the company, it will accept the risk of 7.32 billion yuan in coverage for possible losses to contractors in building the dam over the next eight years.

Construction on the dam, which is located about 40 km north of Luoyang City in Henan and is the second largest of its kind in China, began last September after more than two years of preparation.

The Inpergilo Company of Italy, Dumiz Company of France, and a German company have been given the task of building the dam, culverts and spillways, and underground areas for the generators.

Construction of the entire project, which will take 11 years to finish, will involve loans of 1.166 billion U.S. dollars from the World Bank.

Upon its completion, the project will be able to supply four billion cu m [cubic meters] of water a year, and its power station will have a generating capacity of 1.8 million kw, with annual electricity output of 5.1 billion kwh, according to earlier reports.

Agriculture

Official Says Agriculture Investment To Increase

OW1801043295 Beijing XINHUA in English 0417 GMT 18 Jan 95

[FBIS Transcribed Text] Beijing, January 18 (XINHUA)—China is to increase its investment in agriculture this year by 24.9 percent over 1994.

Zhu Jie, an official of the Rural Economy Department under the State Planning Commission, said that the

increased investment will be mainly used for the harnessing of major rivers and building of flood-control projects, as well as the construction of commodity grain production bases. Special attention will also be paid to the construction and development of projects concerning animal husbandry, forestry, state farms and meteorology.

Besides, the Agricultural Bank of China has decided to set aside 57 billion yuan for agricultural and rural economic development, a rise of 26.4 percent. Of this money, 35 billion yuan will be in the form of agricultural loans, 8.5 percent above China's total loan increase.

Meanwhile, the Ministry of Agriculture is ready to raise about 100 million yuan this year for the promotion of agricultural technology.

Many provinces and autonomous regions have increased their investment in agriculture by big margins in order to reap better harvests this year.

South China's Guangdong Province, for example, implemented a three-year plan, starting last year, to concentrate on the construction of 50 commodity grain production bases, with a total investment of 300 million yuan.

East China's Fujian Province has decided to allocate 30 million yuan each year to build 30 commodity grain production bases from this year to the end of the century. The province has also set aside 60 million yuan for the construction of "food basket" projects.

Year-End Reviews 1994 Agricultural Situation

HK1801084695 Beijing RENMIN RIBAO in Chinese
25 Dec 94 p 1

["Year-End special article" by Pan Chengfan (1728 2110 0416): "Leave a Record in History—Reviewing Chinese Agriculture in 1994"]

[FBIS Translated Text] It will not be too difficult to track the course of China's agricultural development in 1994. Though Chinese agriculture in 1993 saw the peak of its grain production since the PRC's founding, it underwent a severe test the following year: droughts, floods, and disastrous storms, with disaster-afflicted areas exceeding that of the extraordinary 1991 flood in the Chang Jiang and Huai He valleys. Price for agricultural materials and farm produce increased by wide margin, and there were price increases of a great magnitude in the purchasing of farm produce. All these things were marked characteristics of China's agricultural development in 1994.

There were floods in north and south China, droughts in central China, and storms in the eastern and western parts of China. In 1994, typhoons came ashore in East China on 12 occasions—a record since the PRC's founding. The hot, dry wind in the western part of the country resulted in a fall in wheat output by some 2 billion kg in some areas of Henan, Shanxi, Shaanxi and

Hubei. The total affected area in 1994 was 860 million mu, and the area that eventually became disaster-afflicted was 460 million mu—up by 35 million and 30 million mu, respectively, over 1991. From the angle of the size of afflicted area, and of the effects on agricultural production, the drought in the Chang Jiang and Huai He valleys was the most serious of various categories of natural disasters. The afflicted area was 268 million mu at its highest, which was rare in history.

At the turn of 1993 and 1994, the central authorities called national rural work conferences on two consecutive occasions within a few months in order to make arrangements for 1994's rural economic work. This was a unique practice since the Third Plenary Session of the 11th Central Committee, and fully illustrated the great importance the Central Committee and State Council have attached to agriculture.

In June 1994, the state officially raised purchase prices for grain and cotton. The range of price increases for grain was 39 percent, and for cotton, 60 percent.

The state's raising grain and cotton prices by a wide margin helped increase peasants' income by some 40 billion yuan, and the market price increase for farm and sideline produce which resulted from increased grain and cotton prices allowed peasants an additional income of some 50 billion yuan. The peasants' enthusiasm for farming rapidly picked up. In many places, seeds were sold out, with a marked increase in acreage planted to early rice, cotton, and edible oil crops.

The increased purchase prices for farm produce and the higher market prices have stimulated the peasants' enthusiasm for fighting natural disasters and providing disaster relief. In addition, owing to the great importance the government attaches to agriculture, and to the effective measures and prompt guidance by agricultural scientists and technicians, the losses caused by natural disasters were lower than in 1991, despite the fact that the afflicted area was far greater. Furthermore, grain production enjoyed the second bumper harvest year in history, next only to 1993.

As the state raised grain and cotton purchase prices by a wide margin, the range of price increases for agricultural production materials in 1994 has been the greatest since the PRC's founding. According to a typical survey of price departments, the comprehensive average price increase for chemical fertilizers went up by 24 percent across China between January and September; that of diesel fuel went up by 30 percent, insecticides were up by 15 percent, and plastic sheeting for farm use rose by 7 percent. Accounting for this phenomenon are mainly such deep-rooted causes as the circulation structure for agricultural production materials not being ironed out, aside from the effects of inflation and price increases for grain and cotton. Furthermore, some production enterprises and operational units violated state regulations, vying with each other to jack up prices to such extent that some localities have lost control. In addition,

because of the rapid, drastic increase in rural productive and non-productive spending, a rebound in peasants' burdens has been growing with each passing day.

In raising purchase prices for grain and cotton by a wide margin, the intention of the central authorities was to increase peasants' income so as to boost their enthusiasm for farming. Nevertheless, the result has been challenged by the rapid increase in the prices of a range of agricultural production materials, as well as a rebound in peasants' burdens, which to a certain extent have pounded at peasants' rising enthusiasm for farming.

The central authorities adopted countermeasures rapidly. In August they called a work conference on restructuring the circulation of agricultural production materials, fixing price ceilings for major agricultural production materials so as to halt the increases in their prices. In October, another work conference was called on supervision and control over peasants' burdens. In the wake of these conferences, the channel for agricultural production materials has been cleared, with prices dropping somewhat.

The year 1995 will be the last in the Eighth Five-Year Plan. According to this plan, gross grain output will be 455 billion kg. Such being the case, the increase range in 1995 should exceed that of 1993, the record year in grain output. At the economic work conference convened not long ago, the central authorities explicitly stated that it is imperative to increase agricultural input to the maximum in 1995, even at the cost of slowing the growth rates of other industries somewhat. Without doubt, this will greatly benefit agricultural production next year.

Paper Views Effects of 'PRC Agricultural Law'

HK1801104895 Beijing GUANGMING RIBAO in Chinese 1 Dec 94 p 4

[By staff reporter Gao Jianjin (7559 1696 6651): "Sounding the Alarm for Enforcing 'PRC Agricultural Law'—Enlightenment Gained From Inspection of 'PRC Agricultural Law' Enforcement in Fujian Province"]

[FBIS Translated Text] The "PRC Agricultural Law" became officially effective as of 2 July 1993. Since then, China has embarked on a road of running and developing agriculture according to law.

Now that more than a year has elapsed, how has the "Agricultural Law" been enforced? From the middle of June to the end of September this year, the Fujian Provincial People's Congress, the provincial government, and the provincial Chinese People's Political Consultative Conference jointly organized 10 inspection groups comprising 108 people to carry out a province-wide investigation in eight prefectures to monitor how the "Agricultural Law" had been implemented. The results were mixed, both gratifying and worrisome, and the latter manifested itself in the failure to strictly enforce the law.

Investigations in Fujian Province were focused on four aspects: Burdens on peasants, investment in agriculture, popularization of agricultural technology, and protection of farmland. Those investigated were agriculture-related units directly under the: Provincial authorities; prefectural, city, county, and district governments; and relevant departments.

It should be acknowledged that thanks to the high-degree of importance attached by the Fujian CPC Committee and Government, marked results have been achieved over the past year since the promulgation of the "Agricultural Law." This has been reflected in the reduction of the burden on peasants and the checking of arbitrary raising of funds, unjustified levying of apportionments, and the indiscriminate collection of fees. In the past year, 5,155 documents and 5,932 items involving burdens on peasants have been sorted out throughout the whole province. Of these, 2,189 documents and 2,807 projects have been abolished or terminated, resulting in a yearly reduction of peasants' burdens totalling 960 million yuan, or 30 per capita. Investment in agriculture has been gradually increased. In 1993, financial departments at various levels in the province earmarked 1.45 billion yuan, or 12.7 percent of the total financial expenditure for the year, to support agricultural production and construction. This figure was higher than that in 1992. The Provincial Organization Commission has redefined the jobs of 9,720 staff in the "three agricultural centers" throughout the province, an increase of 5,120 persons over the past. At the same time, 900 township and town-level agricultural technical cadres were recruited through open examination to strengthen agricultural technology popularization networks in rural areas. In particular, a number of lawbreaking practices were corrected by the inspection groups and the masses reacted favorably to all this.

However, there are still many problems in agriculture. Cases of breaking the "Agricultural Law" have occurred frequently, involving such aspects as the organizational set-up of agricultural bureaus, invisible burdens on peasants, wasting farmland, illegally approving use of land and expropriation of land, withholding special funds earmarked for agriculture, damage to irrigation works on farmland, and "weaning," "milking," and "drawing blood [chou xue 2132 5877]" from a large number of agricultural technique popularization organs.

What deserves special concern is that the situation has not fundamentally changed whereby grass-roots governments only "pay lip service to developing agriculture" and the tendency for peasants to engage in agriculture merely for "grain ration" purposes has not yet been fundamentally changed. The "Agricultural Law" stipulates that investment in agriculture must be "higher than the margin of increase in regular financial revenues." However, the investment in agriculture made by the prefectures, cities, and counties in Fujian is, on average, 8.1 percent lower than the required margin of increase. Invisible burdens on peasants increased rather than

decreased. Prices in the agricultural capital goods market have kept going up. On the other hand, the official purchasing price per-100 jin of grain is more than 20 yuan lower than the market price. The benefit derived by peasant households from producing grain is very low. Income from farming is lower than that gained from working for others. This has encouraged peasants to engage in agriculture merely for "grain ration" purposes. A large amount of farmland has been left uncultivated.

The provincial party committee and government have attached great importance to and fully supported the large-scale investigation of the enforcement of the "Agricultural Law." The provincial financial department allotted 230,000 yuan for conducting the investigation. Great efforts have been exerted and real actions taken in this regard.

However, after the problems had been discovered, orders were issued only to correct conduct and very few persons responsible for the problems were punished accordingly and this could not act as a deterrent to others. In particular, the principal official responsible for the enforcement of the "Agricultural Law" is unclear and the manoeuvrability of the law is limited. The legal responsibilities are not clearly prescribed and the law is rather weak when confronted with the ever-emerging agricultural problems. Some people, therefore, regard it as a "soft law." Some people cannot help asking: Will agricultural problems recur after the completion of the large-scale investigation?

With regard to the fundamental position of agriculture, some leading cadres have acknowledged its importance in words only for a long time past and, in practice, they regarded agriculture as of secondary importance. When the harvest was bad, they emphasized the importance of agriculture; when the harvest was good, they neglected agriculture. Particularly in recent years, governments at all levels have been busily engaging in economic construction, seeking economic results, and been thinking highly of achievements in work. Such being the case, some people have regarded agriculture as a burden.

The large-scale investigation revealed that in some localities, leaders have erroneous ideas. They wrongly thought that "if there is money, there is grain," "protecting farmland means protecting backwardness," and that "while tending to reform and opening up, one is apt to neglect agriculture." Leaders in some localities are wholeheartedly bent on projects that produce quick results, leaving agriculture, with its low economic results, aside. Their work agenda is full of items to attract investment and economic and trade discussions. In some other localities, when they designate farmland protection zones, they only protect the mountains and not the plains. They only protect faraway land and not nearby land. As a result, land which needed protection was not actually protected and land which did not need protection was included in the protection zone. Some people have even found an excuse for this: "It is the function of the law governing the market economy."

A member of an investigation group aired his views on this issue, saying that now what some leaders are thinking about is determined by their positions. Agricultural cadres go around calling for the development of agriculture but they get little response. Therefore, the key to the rise and fall of agriculture lies in whether or not strictly and conscientiously enforcing the "Agricultural Law" has truly become a common practice by leading cadres. As long as leaders attach importance to the law, it will become a "strong law"; otherwise, it will always be a "soft law."

What is gratifying is that some peasants are taking the law as a weapon to protect their own immediate interests. A peasant from Guankou Township, in the Jimei District, took advantage of the relevant stipulations in Article 13 of the "Agricultural Law" to demand the right to have priority in re-contracting as the original contractor upon completion of the original contract. Two peasants from Guancuo Township, in Pucheng County, believed it was illegal for the Construction Center and the Land Office of their township to collect "house building fees" from peasants. They brought the case to the provincial law implementation office. Altogether, 86 peasants in Zhangzhou City on 14 occasions lodged complaints by citing the appropriate stipulations in the relevant laws and decrees, including the "Agricultural Law" and others.

It is appropriate to say that the increase in legal awareness on the part of peasants will play a promotional role in implementing some government agricultural policies, pushing forward the enforcement of the "Agricultural Law." The Shangping Township Government in Yongan City acted presumptuously to promulgate four fee collection items which the State Council and Fujian Provincial Government had explicitly banned, including a "bamboo improvement fee" and others. A total of 102,700 yuan had been collected. Peasants were angered by this and they posted the "Agricultural Law" in public places. By citing the relevant stipulations, they boycotted the township government's action of arbitrarily collecting fees and indiscriminately imposing fines. Some township leaders refused to mend their ways and still willfully interpreted the stipulations in the relevant documents. They even threatened the peasants. This event is now under investigation. The related persons responsible for the event will be punished according to law.

Jilin Fulfills Corn Export Plan

95CE0183E Changchun JILIN RIBAO in Chinese
16 Dec 94 p 1

[FBIS Summary] As of 30 November, Jilin Province had exported 4,555,000 tons of corn, exceeding the annual export plan of 4,345,000 tons, and earned \$2 billion in foreign exchange.

***Article Analyzes, Projects Cotton Supply, Demand**

95CE0172A Beijing ZHONGGUO NONGCUN JINGJI [CHINA'S RURAL ECONOMY] in Chinese No 11, 20 Nov 94 pp 33-41

[Article by Dong Ying (5516 6601) of the Research Institute of the State Restructuring of the Economic System Commission, Zhang Yujun (1728 6276 6511) of the Planning and Development Office of the Federation of Textile Industry, and Ma Shuping (7456 3219 5493) of the Office of Agriculture of the Ministry of Agriculture: "Cotton Supply, Demand by Year 2000"]

[FBIS Translated Text]I. Analyzing and Projecting China's Total Effective Cotton Demand by Year 2000

When people in real economic life talk about cotton demand, they frequently have in mind three different kinds of demand: 1) A processing demand commensurate with the production capacity of the cotton spinning industry; 2) a planned demand in line with cotton spinning resources; and 3) an actual demand that corresponds with cotton consumption. As we see it, only the actual demand represents society's effective demand and is relevant to our discussion of the total supply and demand of cotton. Our analysis, therefore, uses this definition of cotton demand exclusively.

The social demand of the cotton yarn industry accounts for the bulk of total cotton demand and influences such demand in complex ways. Centering on the social demand of the cotton yarn industry, we will do a preliminary analysis of the domestic and foreign markets and project total social demand for cotton yarn in 1995 and 2000. Next we will work backward to figure out the amount of cotton needed to produce the projected levels of cotton yarn. Finally we will add to this figure other social uses of cotton to come up with the total projected cotton demand.

A) Analyzing and projecting cotton yarn demand on the domestic market

The next few years represent an important stage in the quest of the Chinese people for a comfortable standard of living. They are also a critical time for the textile industry as it accelerates its reorganization and transformation and reaches a new standard. Accordingly, we need to analyze and estimate the demand on the domestic market by correctly presaging trends in the textile market.

An analysis of factors determining domestic textile demand.

1) Per capita fiber consumption level. The per capita fiber consumption level has a direct impact on the demand for textile goods. Currently per capita fiber consumption averages 7.5 kg worldwide, which approximately corresponds to a per capita GNP of between \$800 and \$1,000. In China, per capita fiber consumption

has been rising briskly since the 1980's, reaching 4.1 kg in 1990, up from 2.8 kg in 1980, for an average annual growth rate of 3.9 percent. Right now per capita fiber consumption in China is 4.3-4.4 kg, still lower than the world's average. As the Chinese economy continues to grow rapidly and living standards keep climbing in the 1990's, per capita fiber consumption will also go up. In light of China's resource situation and actual consumption patterns, the textile industry development plan has set a per capita consumption level of 4.6 kg by 1995 and 5.2-5.3 kg by the year 2000. The average annual growth rate between 1995 and 2000 is projected to be 2.6 percent, lower than that in the 1980's.

2) Population increase. China's population reached 1.185 billion back in late 1993, having grown 15 million net each year on average. Based on the existing fiber consumption level, we figure that textile consumption in China must increase by 70,000 to 80,000 tons each year just to satisfy the textile demand of the net increase in population.

3) Consumption level. Let's take a look at the two consumption markets—urban and rural—in the 1980's. Clothing accounted for 14-15 percent of the living expenses of the average urban dweller. The corresponding figure in the countryside was 9-10 percent. In dollars and cents, what the rural dweller spent on clothing was a mere one-third or so of the clothing budget of his urban counterpart. In other words, it took far more in terms of quantity to satisfy the clothing needs of the urban population. Since 1990, clothing consumption by the urban population has become more quality-oriented and less geared toward quantity. A small number of urban residents now go after the upscale, the fashionable, and the comfortable, having entered the stage of selective consumption. The vast majority of the rural population, on the other hand, remain in the quantitative consumption stage. In overall terms, therefore, the growth rate of quantitative demand in rural China will be faster than that in the urban areas. We can also break down consumption by income level. At present the middle and low-income strata account for a much larger share of cotton consumption. As income levels rise across the country, swelling the ranks of the high-income people, quality-oriented demand will increase correspondingly and the demand for textile products will show much greater diversity as well.

4) Substitutes. Chemical fibers, the principal substitute for natural textile fibers, have experienced rapid development in recent years. In 1993, China's chemical fiber production capacity was 2.79 million tons and actual output 2.21 million tons. Already chemical fibers accounted for 36 percent of all fibers used in the textile processing industry, which nevertheless was still much lower than in that in developed nations. Chemical fiber products are a major growth sector within the textile industry in the 1990's. According to the plan, chemical fiber production capacity and output would reach 3 million and 2.5 million tons, respectively, by 1995, and

4 million and 3.5 million tons, respectively, by the year 2000. Chemical fibers are poised to make up 38 and 42 percent of all processed textile fibers in 1995 and 2000, respectively, thereby easing pressure on cotton demand. To put it differently, if China is to develop the textile industry in a healthy way even as it faces a cotton resource shortfall in the near term, a major way to satisfy an ever-rising textile demand is to accelerate the development of substitutes. This is a course we must follow; there is no other way. Meanwhile, in the wake of endless advances in science and technology, especially the development of differentiated fibers, the quality and properties of chemical fibers will improve steadily. It is less costly to use long-staple chemical fibers in apparel processing than it is to use cotton. Chemical fiber products are poised to capture a larger share of the market. For these reasons, the trend in the development of the textile industry both on the domestic market and around the world is to rely heavily on use of chemical fibers to raise the fiber consumption level.

5) Changes in the uses of textile products. Textile products are used in three broad areas: clothing, industry, and furnishings. In China, the current ratio among the three is 75:8:17. Generally speaking, textiles used in furnishings increase sharply when a nation's economy reaches a certain stage. As the Chinese people's living standards rise and their accommodations increases in size in the 1990's, demand will grow. By the year 2000, furnishings are expected to take up about 25 percent of all processed textile fibers. Owing to a number of major breakthroughs in textile materials and processing methods, the share of industrial textile products is projected to rise to 15 to 20 percent by the year 2000. With furnishings and industry taking up a growing share of all textile products, the latter will be used in an ever-widening area, which in turn will boost total demand and spur the improvement of the structure of the textile processing industry.

6) Processing capacity. China's textile spinning processing industry had 41.4 million spindles at the end of 1993, quantitatively more than enough to meet the demands of both the domestic and the international markets. But there is one mismatch: backward equipment and the demand for better quality products. Of China's cotton spinning capacity today, about one-third of the equipment is of a fairly advanced level, one third is mediocre, and one-third downright backward. The transformation and reorganization plans of the Eighth and Ninth Five-Year plans demanded that obsolete equipment be largely discarded and that mediocre equipment be modernized. If the plans are successfully implemented, we can expect product quality to improve across the board before the year 2000.

Apart from the several major elements described above that help determine cotton demand, there also exists in China a regional factor, including regional climatic variations, differences in level of economic development, and divergent consumption preferences. These will not be analyzed here one by one.

The synergistic effect of these elements interacting with one another is this: Domestic demand for textile products will increase steadily in the next few years with no sharp fluctuations. The growth rate will not be as high as in the 1980's.

Projecting domestic demand for textile products.

We use three methods to project the domestic demand for textile products in order to come up with comprehensive and accurate estimates that can be readily verified against one another.

A) Making projections based on the growth rate of the consumption of textile products.

Calculations by the Federation of the Textile Industry show that domestic sales of textile products made of cotton yarn grew 3.9 percent each year on average between 1980 and 1990. Several authoritative bodies around the world have estimated the growth rate of global fiber consumption during the 1990's to be between 2.5 and 3.5 percent. Based on the above analysis, we figure that the growth of textile products in China in the 1990's may not be as strong as in the 1980's but will still stay within the world's average. Thus we can expect China's textile product consumption to grow 2.5 or 3 percent in the next few years. This figure is consistent with the goal in the industry's 10-year development plan to increase per capita fiber consumption in the country 2.6 percent annually in the 1990's.

We take the lower limit as the amount needed to satisfy basic domestic demand, the upper limit as the amount needed to meet a more rapidly growing demand.

Using the annual growth rate of 2.5 percent, we figure that domestic textile demand for cotton yarn will be 17.8 million pieces by 1995 and about 20.4 million pieces by the year 2000. If the 3 percent figure is used, the corresponding figures would be 18.25 million pieces in 1995 and 21.15 million pieces in 2000.

B) Projection based on per capita fiber consumption and population growth.

By using the data presented earlier on per capita fiber consumption and population growth, we can work out fiber consumption demand and then convert it into the amount of yarn needed. It has been projected that China's population will reach 1.21 billion and 1.28 billion by 1995 and 2000, respectively.

Based on the current per capita fiber consumption of 4.4 kg, total domestic fiber consumption will be 5.33 million tons or so by 1995. After eliminating wool, flax, and silk consumption of 600,000 tons and long-staple chemical-fiber consumption of 1.3 million tons that year, we figure the consumption of fibers processed through the cotton spinning system to be 3.43 million tons, or 17.65 million pieces of cotton yarn. Assuming that the current per capita fiber consumption is 4.6 kg, on the other hand, we would project the total fiber consumption to be 5.57

million tons, converted into 18.89 million pieces of yarn, by the year 1995, after deducting the consumption of wool, flax, silk, and chemical fibers. The same method can be used to estimate total fiber consumption by the year 2000. If we use the lower limit of 5.2 kg as per capita fiber consumption by the year 2000, we arrive at these numbers: Total fiber consumption, 6.66 million tons, converted into 20.38 million pieces of cotton yarn after deducting wool, flax, silk, and long-staple chemical fiber consumption of 2.7 million tons. Taking the upper limit of 5.3 kg, the total fiber consumption converts into cotton yarn would be 21.04 million pieces.

C) Making projections based on the relationship between total apparel retail sales and the amount of textile products converted into cotton yarn.

We first use a linear regression equation to establish the relationship between total apparel retail sales and the amount of domestically sold textile products converted into cotton yarn for the period 1980-1990. Then we estimate the amount of textile products converted into cotton yarn based on apparel consumption projections for the years 1995 and 2000.

Apparel retail sales are estimated to be worth 165 billion yuan by 1995 and 190 billion yuan by 2000. It follows that domestic yarn consumption would therefore be 18.04 million pieces and 19.3 million pieces in 1995 and 2000, respectively. Add other uses of yarn, namely military industry, military consumption, and others (projected to reach 800,000 pieces in 1995 and 15 million pieces by 2000), and total domestic cotton yarn demand would be 18.84 million pieces and 20.8 million pieces by 1995 and 2000, respectively.

It needs to be explained here that the use of a mathematical model to establish a relationship between apparel retail sales and the amount of textile products converted into yarn presumes a fully linear relationship between them. In the real economic world, the relationship between the two is not fully linear because of a variety of factors: Changes in the price index, the growing consumer preference for finished products, textile products becoming more expensive as a result of improving quality and rising technological content, and changes in public consumption patterns all change the equation. Nevertheless, the overall development trend is basically consistent with a linear relationship. Considering that the increase in retail apparel sales typically outpaces that of textile products consumption, we adjust the outcome of our computations by reducing it by 2 percent. Thus we project textile products demand converted into cotton yarn to be 18.46 million pieces by 1995 and 20.4 million pieces by 2000.

2) Analyzing and estimating size of textile products for sale overseas converted into cotton yarn

Since reform and opening up began, China's textile industry has exported enough fibers, textile products, and apparel to earn over \$160 billion in foreign

exchange, while spending just \$78 billion in foreign exchange on imports, earning a net \$82 billion in foreign exchange and strongly supporting economic construction in the nation. Since 1990, textile exports and foreign exchange earnings derived from them have continued to increase briskly.

The next few years will be full of challenges as well as opportunities for China's textile export industry.

Analysis of factors influencing China's textile exports.

A) Domestic and international environments. Domestic environment.

The Chinese economy has been growing at a high 8-9 percent in the 1990's, up from the originally set rate of 6 percent. The textile industry has been expanding correspondingly, perhaps even a little faster. Further opening China to the outside world is bound to impose on the textile industry even more taxing export and foreign-exchange-earning tasks and require it to continue to be a leading foreign exchange earner. On the other hand, we should realize that to steer the textile industry onto the course of healthy development, we need to successfully overcome the powerful disruptions caused by the transition from the old system to the new and by adjustment of the industrial structure.

International environment. According to the analyses of people in the textile industry, the global market for textile and apparel will move from saturation to a period of growth by the year 2000, and the growth of demand would slacken off. One explanation is an excess supply over demand. Western developed nations, which account for about 62 percent of world-wide consumption, will see a moderation in textile demand growth once their per capita fiber consumption hits 17-20 kg. Second, a number of Western countries have been stagnating economically since the opening of this decade. Countries in Latin America and Africa are saddled with massive debts while the Commonwealth of Independent States and Eastern Europe are in the midst of economic upheaval, severely weakening the global textile market. On the other hand, bright prospects still loom ahead for China's textile and apparel trade, what with the world's population poised to increase 1.64 percent through the end of the century and the possibility that the Asia-Pacific region may replace industrial nations in the West as the world's largest textile market. But we should also note that competition on the international market is becoming more ferocious and the commodity mix is evolving in a way that favors producers of finished, good-quality, and diversified products, which portends even more competition on quality and technology. Moreover, the textile exports of countries in south Asia and ASEAN and other peripheral nations have become markedly more competitive. Meanwhile, trade protectionism is constantly on the rise in developed nations. All of which will mean rough sailing for China's textile trade and production.

B) The overall standard of the textile industry.

After decades of development, China has created a textile industry which has always lived up to the demand of the domestic and international markets offering a full lineup of products and using essentially integrated processes. For a variety of reasons, however, there are a host of underlying and sharp contradictions in the textile industry, both in its system and in its structure, primarily the following: the low technical level of its equipment, a lopsided overall mix, poor product quality, and low labor productivity. As a result, the profitability of the industry has been slipping and its export competitiveness is lackluster. To increase its exports further and meet the needs of the international market, we must accelerate adjustment of the industry as well as its product mix, speed up technological advances, enhance the competitiveness of its output, and upgrade the standards of the industry as a whole to ensure that the textile industry will remain a backbone industry and a key earner of foreign exchange.

C) Foreign trade system.

The foreign trade management system has undergone extensive reform in recent years, which has been a boost to the textile industry as an exporter and foreign exchange earner. Be that as it may, the textile industry today essentially still practices the procurement system when it comes to foreign trade and therefore suffers from the same problem characteristic of the traditional foreign trade system—too many middlemen. Genuine industry-trade integration and a unified national market still elude the industry. Only the further deepening of the reform of the textile foreign trade system can meet the demand to expand textile exports.

D) Foreign exchange earnings per ton of fibers.

The level of foreign exchange earnings per ton of fibers is an all-round gauge, reflecting the quality of textile products, whether they are at the lower or upper end of the market or somewhere in between, and their technological content. In recent years China's textile exports have increased rapidly, but they remain essentially a resource and quantity-oriented type of export with a relatively low level of foreign exchange earnings per ton of fibers. According to statistics from the International Federation of Textile Manufacturers, Italy earned \$17,200 in foreign exchange for every ton of fibers exported in 1989; Japan, \$13,000; and the United States, \$11,400. China, however, earned just \$5,600. There have been substantial improvements in both the mix and quality of Chinese textile exports in the past two years, boosting foreign exchange earnings per ton of fibers to \$8,700 in 1993, still a long way behind those of other textile-exporting nations and regions in the world. That same year Italy earned \$22,000 in foreign exchange per ton of fibers. Overseas, since there is a limit to the capacity of the global textile market, it is no longer realistic to seek to increase textile exports by taking the quantitative approach. Domestically, the demand may keep rising,

but given finite textile resources, quantitative expansion is not the trump card that it was in the past. For this reason, China's textile export strategy must shift from one based on quantity to one based on quality or performance. The industry must upgrade itself in quality and go after the upper end of the market. Based on this strategy, the foreign exchange earnings per ton of fibers should reach \$10,000 by 1995 and exceed \$14,000 by 2000.

E) The mix of textile exports.

The sharp jump in textile industry exports and foreign exchange earnings in the last few years has been accompanied by some striking improvements in the exports mix. That the amount of foreign exchange earnings has risen faster than the volume of converted yarn exported indicates that China has made considerable progress in the areas of multiple processing, finishing, and high added value work. Back in the early 1980's, textile exports were dominated by raw material-type of products such as the two yarns and two fabrics. By 1987, however, finished products already made up 53.2 percent of all textile exports, and by 1993, 63.4 percent. Apparel exports increased 28.18 percent annually on average between 1986 and 1993, significantly faster than textile exports overall. Provided multiple processed products like apparel continue to grow at a strong pace in the next few years, we can be sure the industry will be able to continue steadily to increase its export-derived foreign exchange earnings. Accordingly, we ask the industry to redouble its efforts to adjust its products mix and raise the share of exports consisting of apparel and other multiple processed goods to over 70 percent, approximating the level in developed nations.

Projecting textile exports converted into yarn.

Here, too, we use two methods of calculation.

1) Making projections based on the foreign exchange earned by textile exports.

Since 1990 Chinese textile exports have shot up, climbing from \$13.8 billion that year to \$27.1 billion in 1993, up 96 percent, or 25 percent annually on the average. Chinese textile exports are expected to increase at the average annual rate of 9-10 percent for the next few years, lower than the average rate of 14.3 percent recorded in the 1980's, but both feasible and consistent with what the development of the nation's economy requires of the textile industry on the exports front. Assuming that exports increase a little less rapidly than the average in the earlier period, the foreign exchange earnings of textile exports will reach \$30-\$32 billion by 1995. Export growth is expected to pick up slightly in the latter period, generating between \$50 and \$55 billion in foreign exchange earnings by 2000.

It needs to be pointed out here that China has made substantial headway in processing with materials provided in recent years. By 1995, that sector is expected to

make up 15 percent or so of total textile exports. Processing with materials provided does not require domestic fiber resources and should be deducted from the amount of total textile exports converted into cotton yarn below.

Based on the projected foreign exchange earnings of textile exports, foreign exchange earnings per ton of fibers, and foreign exchange earnings of processing with materials provided for 1995 and 2000, we estimate the amount of textile exports converted into fibers to range between 2.55 million and 2.72 million tons by 1995 and between 2.85 million and 3.14 million tons by 2000. Calculations show that fibers processed through the cotton spinning system account for 70 percent of total fibers. With this figure, we can work out the textile exports converted into cotton yarn which have undergone processing through the spinning system as follows: Between 9.46 million and 10.09 million pieces by 1995 and between 10.6 million and 11.65 million pieces by 2000. The lower numbers—9.46 million by 1995 and 10.6 million by 2000—represent the amount needed to satisfy basic export demand for the year in question. The higher numbers—10.09 million by 1995 and 11.65 million by 2000—represent what is needed to satisfy a higher export demand.

2) Making projections based on the growth rate of textile exports converted into fibers.

In the 1980's, China was a winner as a textile exporter in quantitative terms. In the 1990's, the emphasis in textile exportation will shift to quality and profitability, while the rate of quantitative growth will trail that of the increase in value. Based on projections of the growth rate of fiber consumption on the international market and

analyses and projections of domestic resources, it would be advisable for China's textile exports converted into fibers to make up one-third of all textile processed fibers, growing at a rate basically the same as textiles sold domestically, that is, between 2.5 and 3 percent. Accordingly textile exports converted into fibers should amount to anywhere between 257 and 265 tons [as published] by 1995, and between 2.9 million and 3 million tons by 2000. Based on these numbers, we can project the amount of converted fibers needed to satisfy the demand of the textile exports sector by 1995 to be 9.54 million pieces in case of slow growth and 9.83 million pieces if it is experiencing fast growth. Corresponding figures for the year 2000 would be 10.75 million pieces and 11.15 million pieces, respectively.

Combining the two sets of projections, we arrive at these figures: The amount of commercial yarn needed to satisfy the basic demands of the textile export sector would be 9.5 million and 10.7 million pieces by the years 1995 and 2000, respectively, and, in the event of a higher demand, 10 million pieces and 10.40 million pieces by 1995 and 2000, respectively.

3) Predicting China's total social cotton yarn demand by 1995, 2000

Projections on domestic and foreign-sale textile demand converted into yarn are presented in the paragraphs above. Combining the two sets of projections, we predict that we will need 27.5 million pieces of cotton yarn by 1995 and 31 million pieces by the year 2000 to satisfy the basic demand of both domestic and foreign markets. Should the market demand be higher, we will need 28.5 million pieces and 32 million pieces by 1995 and 2000, respectively. (See Table 1)

Table 1. Total Social Cotton Yarn Demand by 1995, 2000. unit: in 10,000 pieces

Scenario	Domestic-Sale Demand		Foreign-Sale Demand		Total Demand	
	1995	2000	1995	2000	1995	2000
Lower	1800	2050	950	1070	2750	3120-3100
Higher	1850	2100	1000	1140	2850	3240-3200

4) Projecting total effective social demand for cotton

In China, total social cotton demand consists of four parts: First, cotton for use in the textile industry; second, other social uses; third, cotton reserves; and fourth, exports.

Owing to the special circumstances currently surrounding China's cotton exports, this particular use should be omitted from our demand projection. This is why: Although China is a major cotton-producing and consuming nation, it is not a major cotton importer and exporter, its cotton imports and exports accounting for a very modest share of international cotton trade. Since 1983, China has been a steadfast cotton exporter and accounts for a fair portion of the international market,

particularly the regional market. This policy was prompted by a largely strategic consideration. History shows, and the principle of international competition tells us, that if China fails to be a cotton exporter of a decent size, it will be at the total mercy of the international market, which will ultimately affect its cotton imports. We will not discuss here whether or not such a strategy is appropriate. What we do know from export figures over the years is that for a number of reasons cotton exports tend to go up and down quite sharply in a way that is unrelated to the supply and demand of cotton resources at home. Since including cotton exports in demand projections tends to skew the outcome significantly, it is necessary for us to exclude it for the moment and limit our forecasting to the first three categories.

**Table 2. Total Social Cotton Demand by 1995, 2000 unit:
in 10,000 dan**

Category	Time	
	1995	2000
Textile Industry	7900-8200	8600-8900
Other Uses of Cotton	1000	1000
Cotton Reserves	300	300
Total Cotton Demand	9200-9500	9900-10200
(in 10,000 tons)	(460-475)	(495-510)

Cotton demand of textile industry.

The cotton demand of the textile industry is calculated based on the social cotton yarn demand and the share of cotton in the cotton spinning system.

Products processed through the cotton spinning system constitute a very high proportion of the output of China's textile industry. Even as the share of substitutes increases steadily year after year in the wake of the development of the chemical fiber industry in recent years, cotton spinning will remain irreplaceable as the mainstay of the textile processing industry for a long time to come. By breaking down the actual cotton yarn output in China since 1986, we see that cotton accounts for between 76 and 81 percent of cotton yarn processing and has slowly been on a downward trend in the last few years. In light of the situation concerning textile raw material resources and textile consumption trends and by analyzing the development of China's chemical fiber industry, it is clear that cotton will continue to decline as a share of the raw materials used in textile spinning and processing even though the absolute amount required will keep rising. In our projections, chemical fibers (including long-staple chemical fibers) will account for 25 percent or so of the cotton spinning system by 1995 and 28 percent by 2000. Based on these percentages and total social cotton yarn demand, we estimate the cotton demand of the textile industry to range between 79 million and 82 million dan (equivalent to 3.95-4.1 million tons) by 1995 and between 86 million and 89 million dan (4.3-4.45 million tons) by 2000.

Other social uses of cotton.

These uses refer to uses other than cotton spinning, including civilian wadding, the war industry, cotton for the military, medical uses, odds-and-ends-uses, and wastage.

Based on data collected over the years, other social uses of cotton range between 10 and 12 million tons annually. At present, because of advances in research and development as well as applications, a number of superior fibers can replace cotton in part to meet certain social needs. Wadded quilts made of hollow crimped polyester fibers, for instance, are as good as quilts made of cotton and stand out on account of their warmth, lightness,

fluffiness, softness, and resistance to moisture. These chemical fibers, therefore, have a strong potential as a substitute for cotton. Accordingly we put cotton demand in this category at 10 million dan, a level we believe is high enough to meet social demand.

Cotton reserves.

Cotton is a daily necessity for the people. With its vast territory and enormous population, China must equip itself with an effective cotton reserve to meet emergency needs caused by disasters, man-made and natural. Furthermore, cotton is an essential raw material for the textile industry whose production is highly vulnerable to natural conditions. That being so, it is all but inevitable for the level of cotton output to fluctuate. To ensure the availability of a stable supply of cotton, the government must have a reserve that can be tapped to regulate the market and prop up or lower prices as necessary.

At present, China's cotton reserves consist of a mere 10 million dan, the minimum necessary to meet emergency needs, but insufficient to play a regulatory role. Hence the urgent need to supplement it. Given the reality of resource availability, we cannot expect to boost our reserve to a proper level in one fell swoop. Barring the emergence of special supplies in the next few years, we believe a more feasible approach would be to create a reserve enhancement mechanism of gradual accumulation. To bring the level of reserve up to a minimum level of 30 million dan by the year 2000, we need at least an additional 20 million dan. By spreading out the work over the next 7 years, this means we need to increase the reserve by a net 3 million dan annually on the average, which should be incorporated into the total demand.

II. Analyzing and Predicting China's Cotton Supply Trends By the Year 2000

Total cotton output is a function of two variables: Acreage under cotton and cotton yield per unit area. For this reason maintaining the cotton-cultivated area at a high level and working hard to raise the yield per unit area are the absolute prerequisites for increasing effective supply.

The potential of increasing acreage under cotton.

In China, deciding the size of the land set aside for cotton cultivation must start with resolving two contradictions in the real world: 1) The rising population, dwindling farmland; and 2) the fierce competition between grain and cotton for land. A fact of life in China is its huge population and limited cultivated land. Moreover, there is precious little additional land that can be made arable. Since the PRC was founded, farmland has shrunk by more than 33 million mu as more and more land is being taken up by other uses. What is more, much of the land lost to non-agricultural purposes is high- or stable-yield farmland. Judging from the situation in recent years, farmland is disappearing at the annual rate of almost 8 million mu. At present per capita farmland in

China has dropped to 1.2 mu and may continue to decline in the future. Extrapolating from this trend, per capita farmland nationwide will fall below 1 mu by the year 2000. China accounts for 22 percent of the world's total population but a mere 7 percent of its farmland. What this state of affairs indicates is that China's cultivated land is overburdened and lacks development potential. Faced with the pressure of population growth, China's top priority is to ensure that its people do not go hungry. Accordingly, in considering how much land should be devoted to cotton cultivation, we must proceed from the need to ensure that enough land is planted with grain. When it comes to the farming system, a realistic option in China is to raise the multiple crop index.

Calculations based on empirical data indicate that the amount of land under grain must not be allowed to drop below 1.65 billion mu in the future, about 75 percent or so of all land sown with crops. After setting aside enough land for grain cultivation on a priority basis, cotton planting can take up only about 4 percent of all cultivated land. Push it above this level and one sets the stage for competition with grain for land. On that basis we can probably expect with some confidence that the acreage under cotton will range between 8.5 million and 9.1 million mu by the year 2000.

Distribution of cotton-growing regions.

China's major cotton-growing areas are concentrated in the Chang Jiang and Huang He valleys and Xinjiang.

The Chang Jiang valley is China's high-yield cotton-growing region, with 30 million mu under cotton in an average year. It consists of 3 major areas: 1) The cotton-growing area in the Sichuan basin in the upper reaches of Chang Jiang has achieved some degree of balance after a dozen years of adjustment. This area has been hovering at the level of 2 million mu in size in recent years and is not expected to expand significantly in the future. 2) The Shanghai, Zhejiang, and Jiangsu cotton-growing area in the Chang Jiang delta. The fact that this is an economically developed area has eroded the comparative advantage of cotton growing, with a subsequent reduction in the land devoted to that purpose. In 1994 about 9.36 million mu in the three jurisdictions were sown with cotton, almost 4 million mu and 2 million mu less than the early 1980's and 1990's, respectively. The cotton-growing acreage here is expected to stabilize at 9.2 million mu or so by 1995 and 2000. And 3) the cotton-growing area in the middle reaches of Chang Jiang. The acreage under cotton has held steady at 7.5 million mu in Hubei, but is poised for growth in the three provinces of Hunan, Anhui, and Jiangxi, totaling 11.6 million mu in all in 1994, 2.5 million mu more than the early 1980's. These three provinces are well endowed by nature to produce cotton; their cotton yield per unit area is high and the product is of a superior quality. The scarcity of alternative avenues to wealth in these provinces also enhances the comparative advantage of cotton-growing. Moreover, all three provinces produce enough grain to "export" some to the rest of the nation,

which means that the grain needs of cotton growers in areas where cotton is the only crop can be met within the province. For all these reasons, the acreage under cotton is expected to increase each year to reach 15 million mu. The total acreage under cotton in the Chang Jiang basin is projected to be 31.5 million mu and 33.5 million mu by 1995 and 2000, respectively.

The cotton-growing region in the Huang He valley is represented by the three provinces of Hebei, Shandong, and Henan. Cotton-growing areas in these three provinces and their combined output accounted for 50 percent and 46 percent of the nation's total acreage under cotton and overall cotton output, respectively, in the early 1980's. Both acreage and output peaked in 1984, when 65 million mu were planted with cotton, 63 percent of the nation's total, and the region produced 3.85 million tons of cotton, 62 percent of China's overall cotton output. Since 1990, however, the quality of cotton fields has declined and there have been major outbreaks of cotton diseases and insect pests, severely undermining the enthusiasm of cotton growers. As a result of these and other reasons, the yield per unit area has fallen, along with a drop in the growers' profits. Acreage under cotton has decreased drastically and total output has slipped. According to statistics, 36.56 million mu were planted with cotton in this region in 1993, yielding an output of 1.36 million tons, 48 percent and 37 percent, respectively, of the nation's totals. Provided the comprehensive treatment of plant diseases and insect pests is stepped up and new cotton varieties are introduced in the next few years, cotton yield per unit area may rebound. However, do not expect major gains in the acreage under cotton, which will probably level off at 40 million mu or so in the years ahead.

Ecologically Xinjiang is very well placed to grow cotton. Southern Xinjiang, in particular, is the one area in China that is best suited for that crop, almost as good as any high-yield superior-quality cotton-growing area in an advanced cotton-growing nation in the world. It is also the production base of long-staple cotton in China. This region abounds with resources. Experts who study the area say that there are still 370 million mu of undeveloped land which can be turned into new oases, including, of course, new cotton fields. After coordinated irrigation works are put in place and transportation is improved, particularly after a water-saving irrigation system is installed, we can expect cotton fields in Xinjiang to increase 4 to 5 million mu within the next five to six years. With that in mind, cotton-growing areas in Xinjiang are expected to total 12 million and 16 million mu by 1995 and 2000, respectively.

In addition, there is an area in northeastern China that grows a specially early maturing variety of cotton. It is expected to stabilize at 800,000 mu or so.

The potential of increasing cotton yield per unit area.

Right now the average cotton yield per unit area in China is about 50 kg, but regional variations are substantial. So the potential exists for further improving output

per unit area. It is estimated that it may reach 60 kg on the average by 2000 as a result of a host of measures designed to improve conditions of production. Among the major technical approaches are:

1) Transform low- and medium-yield cultivated land and increase output in a balanced way. About half of China's cotton fields are low- or medium-yield land whose yield per unit area falls below the nation's average. They are mainly concentrated in the cotton-growing region in the Huang He-Huai He valley. Take 1993, for instance, when 74.78 million mu were sown with cotton nation-wide and the yield per unit area was 50 kg. Of these 74.78 million mu, 41.21 million mu had a yield of just 40 kg, below the national average. If we increase input and manage to increase the output per unit area of low- and medium-yield cotton fields by 10 percent, raising it to 44 kg, the nation's total cotton output will go up 165,000 tons, boosting China's average yield per unit area 3.6 percent.

2) Increase the acreage where advanced and applicable technologies are used. Cotton plastic film and seedling transplanting effectively raise cotton output, typically by 10-15 percent, and can improve crop quality. Right now these methods are being used on over 64 million mu of land, 70 percent of all areas under cotton cultivation. If the proportion can go up to 80 percent by 2000, that is, if their application is extended to an additional 10 million mu, then the nation's average yield per unit area would climb 1.6 percent or so. Popularizing chemical fertilizer deep application technology usually raises yields 10-20 percent, but must be accompanied by large-scale farming and a higher level of mechanization. At present the utilization rate of chemical fertilizer deep application technology is only 20-30 percent in China, a far cry from the 50-60 percent in developed nations. Raising that rate by creating the conditions necessary for popularizing the technology represents an effective means for China to boost its cotton yield per unit area. Beginning this year, this particular piece of technology is being popularized in one cotton-growing area after another and is projected to be applied on 30 million mu by 2000.

3) Introduce new superior varieties and make sure more such varieties are made available across the board. Using superior varieties is the most effective way to increase yield per unit area. Generally speaking, every time a new variety is introduced, output goes up 10-15 percent. Thus far China has changed varieties six times, reaping a notably more bountiful harvest each time. Under the Ninth Five-Year Plan, China is scheduled to overhaul existing varieties in a big way by 2000 through self-fertilization or by using varieties imported from abroad. Furthermore, China manages a unified seed supply rate of just 30 percent at the moment. Even as we build cotton-producing bases, nurture cotton counties, and undertake comprehensive regional development during the Ninth Five-Year Plan, we must take pains to establish an improved variety propagation system and raise the unified seed supply rate to 80 percent. By changing cotton varieties and raising the unified seed supply rate, we hope to increase cotton yield per unit area nationwide by more than 10 percent.

4) Intensify the comprehensive treatment of plant diseases and insect pests to cut losses. The decline in yield per unit area in the cotton-growing area in the Huang He-Huai He valley over the last few years has been a drag on the nation's yield per unit area, causing the latter to stagnate. A major reason for the decline is the extensive outbreaks of plant diseases and insect pests and severe natural disasters. In response, the government has mobilized the agencies concerned to mount a joint attack. China won the first round of its battle against the cotton aphid in 1993. The "Project Bumper Harvest" of 1994 also includes prevention and treatment of the cotton aphid as one of its top popularization efforts. Already cotton aphid prevention and treatment demonstration zones have been set up in the three provinces of Hebei, Henan, and Shandong. Together with the successful effort to develop new pest-resistant varieties, this has given hope that cotton aphid will cease to pose a major hazard. Meanwhile, as more and more areas are planted with short-season cotton, losses caused by early frost in areas planted with both cotton and wheat will decrease.

In short, it is possible to raise cotton yield per unit area 15 to 20 percent through the implementation of the above-mentioned measures. In other words, cotton yield per unit area may reach 57.5-60 kg.

Projected output for 1995 and 2000.

To sum up, by 1995 the acreage under cotton will range between 85 and 86 million mu; yield per mu, 52-53 kg; total output, between 4.4 million and 4.55 million tons (88 million-91 million dan); by the year 2000, acreage under cotton will be 90-91 million mu; yield per mu, 57.5-60 kg; and total output, 5.2-5.4 million ton (104 million-108 million dan).

Government To Fight Desertification

OW1701171795 Beijing XINHUA in English 1610
GMT 17 Jan 95

[FB S Transcribed Text] Beijing, January 17 (XINHUA)—China is to intensify its desert-control efforts by promoting scientific and technological advances and integrate scientific research with desert-control projects.

At a conference on desert-control research, Minister of Forestry Xu Youfang said China will organize joint studies of some key technological issues concerning desert control and make optimal use of the existing technology.

Since 1991, the minister said, China has brought 2.2 million ha [hectares] of desert and arid areas under control, and reclaimed about 100,000 ha of arable land from the desert.

However, about 1.5 million sq [square] km of land in China is still desert or badly eroded, equal to one sixth of China's total land area. Worse still, such areas are expanding at 2,100 sq km annually, affecting the lives of 170 million people.

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East Region

Report Details Anhui's 1994 Economic Growth

OW1501164295 Beijing XINHUA in English 1620
GMT 15 Jan 95

[FBIS Transcribed Text] Hefei, January 15 (XINHUA)—The Gross Domestic Product (GDP) of Anhui Province, a major grain producer in eastern China, amounted to 100 billion yuan in 1994, five times of the 1980 figure.

This enabled the province to reach the target set by the state to quadruple the GDP six years ahead of schedule.

During the Eighth Five Year Plan period (1991-1995), Anhui's GDP increased at an annual rate of 13 percent, said Huang Yuezhong, director of the Planning Commission of the province.

The province's economic growth kept a rising momentum over the past four years. While focusing on developing agriculture, the province speeded up the development of industry in recent years.

Its agricultural output value increased at an annual rate of 5.7 percent over the past four years despite of [as received] a severe flood in 1991 and a drought in 1994. The output of grain, cotton and oil-bearing crops all increase by a big margin.

Meanwhile, technical innovation boosted production of coal, electricity, iron and steel. The province has formed its own production and marketing network for machinery, building materials, household electric appliances and chemical products. Output of fork-lift truck, refrigerator and washing machine also increased.

Fujian Meeting Sets 3 Focuses for Economic Reform

HK1501062795 Beijing ZHONGGUO XINWEN SHE
in English 1220 GMT 13 Jan 95

[FBIS Transcribed Text] Fuzhou, January 13 (CNS)—The meeting of economic reform in Fujian Province has disclosed the three focuses concerning economic reform in this province. They are reform of state-owned enterprises, reform of social security system and comprehensive reform in enterprises on the trial basis.

To promote the reform of state-owned enterprises conscientiously.

First, the provincial government will pay closer attention to three enterprises in Fujian which are listed among a hundred enterprises of the country to carry out implementation of modern corporate system; and to first ten enterprises for the same trial in the province. The framework of modern corporate system will be preliminarily set up within two years.

It will continue to encourage a group of enterprises to adopt shareholding practice, and to enhance state-owned

enterprises to change their working mechanism. It will encourage foreign trade enterprises to try different types of reform, and will transform 16 specialized foreign trade companies in the province into shareholding limited companies or companies with limited liabilities.

It will foster some medium and small-scaled enterprises engaged in industries of petro-chemistry, building materials, mechanism, electronics, forestry, chemistry, shipping and foreign trade. Different reform measures should be taken to enlarge their scale and raise their grades.

It will speed up the pace of attracting foreign investment, merge, leasing and transfer, upgrading by moving to another place, putting up bankrupt enterprises for auction. This is to help reorganize the accumulated assets in medium and small state-owned enterprises.

—Second, to speed up the reform of social securities system.

—Third, to further promote comprehensive reform in some enterprises on trial basis.

Besides, Fujian Province will continue to promote the experiment of the management mechanism of state-owned assets, improve the market system and the reform of the macro-administration of system.

Jiangsu Holds Preparatory Meeting for Ninth Party Congress

OW1401140695 Nanjing XINHUA RIBAO in Chinese
21 Dec 94 p 1

[Article by Ma Jian (7456 0256): "Ninth Jiangsu Provincial Party Congress Holds a Preparatory Meeting and Presidium Meeting"]

[FBIS Translated Text] A preparatory meeting for the Ninth Jiangsu Provincial CPC Congress was held in the Great Hall of the People in Nanjing yesterday afternoon.

The meeting was presided over by Comrade Chen Huanyou. Entrusted by the Standing Committee of the Eighth Jiangsu Provincial Party Committee, he briefed delegates on the main preparatory work for the ninth provincial party congress, made suggestions on how to successfully hold the congress, and mentioned his expectations.

Chen Huanyou said: The Ninth Jiangsu Provincial CPC Congress is an extremely important meeting convoked at a crucial point in Jiangsu's modernization, and it marks an important event in the political life of the people of Jiangsu. The theme of the congress is to implement in a thoroughgoing manner the guidelines of the 14th national party congress as well as the Third and the Fourth Plenary Sessions of the 14th CPC Central Committee, and to mobilize communists and the masses of the people in Jiangsu to seize the opportune moment to march toward the third-step strategic objective while basically achieving the second-step strategic objective

under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line. The main tasks of the congress are to conscientiously sum up the work done in the past five years, to define the goals and tasks for economic construction and social development and the measures for strengthening party building for a certain period of time to come, and to elect the provincial party committee and the provincial discipline inspection commission for the next term of office.

Chen Huanyou said: We must make the congress a meeting that forges ahead courageously in a pioneering spirit. The congress shoulders an important historical mission, namely, sum up the work done in the past, map out a plan for the future, inherit the past and usher in the future, and carry forward the [revolutionary] cause and forge ahead into the future. The broad masses of communists and people in Jiangsu follow with interest the congress and have great expectations of it. All delegates must be clear about the political responsibility they shoulder, adhere to the ideological line of emancipating the mind and seeking truth from facts, gear their efforts to the needs of the new century, keep modernization in mind, and earnestly examine and discuss the work reports to be delivered at the party congress so that the goals determined by the congress for reform and development for a certain period of time to come may be more in keeping with the actual conditions and the desire of the masses of the people in Jiangsu and meet the needs of our times. We definitely must make the congress a meeting marked by democracy and unity. All delegates must participate in the agenda for the congress in a spirit of assuming a high degree of responsibility to the party and people; fully promote democracy within the party, speak out freely, draw on collective wisdom and absorb all useful ideas, and conscientiously exercise the right of a delegate in a responsible manner in accordance with the party constitution and the principle of democratic centralism to ensure the smooth progress of the entire agenda for the congress. We certainly must make the congress a pragmatic and highly efficient meeting. It is hoped that all delegates will concentrate their attention when participating in the congress, display a pragmatic work style, realistically study all the major issues, and strive to successfully fulfill all the tasks of the congress.

The meeting passed a name list of a 67-member presidium of the congress and approved the appointment of Cao Keming as secretary general of the congress.

The meeting passed a name list of the credentials committee composed of 15 members with Cao Hongming as its chairman and Dai Guangzhen [2071 0342 6966] and Wang Zhongqi [3769 0112 1477] as its vice chairmen.

The meeting adopted the following agenda for the congress: 1. Hear, examine, and discuss a report to be delivered by the Eighth Jiangsu Provincial CPC Committee; 2. hear, examine, and discuss a work report to be delivered by the Jiangsu Provincial Discipline Inspection Commission under the Jiangsu Provincial CPC

Committee; 3. elect the Ninth Jiangsu Provincial CPC Committee; and 4. elect the Jiangsu Provincial Discipline Inspection Commission under the Jiangsu Provincial CPC Committee.

Chen Huanyou Speaks at Jiangsu Provincial CPPCC Meeting

OW1301142995 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 7 Jan 95

[From the "702 Morning News" program]

[FBIS Translated Text] The Ninth Standing Committee Meeting of the Seventh Jiangsu Provincial CPPCC Committee opened in Nanjing on 7 January. Chairman Sun Han presided over the meeting.

Three items topped the agenda of the Standing Committee meeting. First, the committee was to study and implement the guidelines set forth at the ninth Jiangsu Provincial Party Congress and to examine and approve a decision on studying and implementing the guidelines laid down at the ninth Jiangsu Provincial Party Congress. Second, the committee was to examine and approve a decision on holding the Third Session of the Seventh Jiangsu Provincial CPPCC Committee. Third, the committee was to discuss the government work report, solicit opinions, and propose opinions on revision.

On the morning of 7 January, Comrade Chen Huanyou delivered an important speech on studying and implementing the guidelines set forth at the ninth party congress. He said that goals for a certain period in the future had been set at the province's ninth party congress. To realize those goals, it is necessary for all in the province to exert joint efforts and to give full play to the important role of the CPPCC. He expressed the hope that the CPPCC would conscientiously organize and promote the study of the guidelines among the CPPCC members, so that they will understand the basic guidelines set down at the party congress. He also urged the CPPCC to make great efforts to disseminate the guidelines among members of democratic parties, members of industry and commerce associations, and among the people from all walks of life, so that their thinking will be united around the guidelines set forth at the party congress. He called on all to support and assist the work of the new term of the provincial party committee and to exercise more supervision over the provincial party committee.

Attending the meeting were Duan Xushen, Chen Suiheng, Zhang Chenhuan, Peng Sixun, Yu Yingrui, Han Wenzao, and Tong Fu, vice chairmen of the provincial CPPCC; and Secretary General Wu Rong.

New Measures for Economic Reforms in Jiangsu

OW1601075395 Beijing XINHUA in English 0744 GMT 16 Jan 95

[FBIS Transcribed Text] Nanjing, January 16 (XINHUA)—East China's Jiangsu Province has provided new

measures for the new year to open wider to the outside world and attract more overseas investment.

Provincial government officials said that the province will try to increase exports, enhance foreign economic and technological cooperation and speed up the establishment of an international economic and trade network.

To achieve this goal, the province will put more efforts into raising the quality of export goods, dealing with international consultants, bidding on large projects, and investing more in technology.

In doing so, Jiangsu will invite more domestic and overseas specialists and scholars for visits, and encourage those studying abroad to hold exchanges of technology and information and to conduct business activities.

In the area of overseas funds, investors in the province will enjoy more preferable policies to channel their money to projects involving energy, transportation facilities, water conservancy, urban construction, and environmental protection.

In addition, funds from abroad will be used in agriculture, retail business, service trades, housing, finance, tourism, advertizing, technical training, health care, law, and accounting.

So far, this coastal province, which has enjoyed an economic boom during the past decade, has approved the setting up of more than 24,000 foreign-funded enterprises.

Wen Jiabao Inspects Shandong, Urges Poverty Relief Work

OW1601163895 Beijing XINHUA in English 1547
GMT 16 Jan 95

[FBIS Transcribed Text] Jinan, January 16 (XINHUA)—Poverty relief is a strategic task for China, and the entire society must work together to wipe out poverty, according to a senior party leader.

While inspecting Linyi Prefecture in east China's Shandong Province, Wen Jiabao, alternate member of the Political Bureau and member of the secretariat of the Communist Party of China (CPC) Central Committee, said poverty-relief work is part of efforts to realize a relatively comfortable life nationwide by the end of the century.

Linyi was a Communist Party revolutionary base during the 1940s. It used to be notorious for its poverty.

Wen said he was glad to see that great changes have taken place in Linyi over the past few years. In 1994 the prefecture produced 20.5 billion yuan in Gross Domestic Product (GDP) and 1.32 billion yuan in revenue. Local farmers' per capita annual income has risen to 1,100 yuan.

Wen spoke highly of Linyi's efforts in poverty relief and said he hoped that the prefecture would enhance construction of irrigation projects so as to increase its ability to ward off disasters.

He also urged the localities to apply science and technology in the development of hilly areas to wipe out poverty.

Shandong Judicial, Procuratorial, Court Conference Opens

SK1601052395 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 15 Jan 95

[FBIS Translated Text] The provincial judicial, procuratorial, and court work conference opened at the Nanjiao Guesthouse of Jinan on the morning of 15 January.

At the conference, Li Wenquan, deputy secretary of the provincial party committee, relayed the relevant contents of the guidelines of the national judicial, procuratorial, and court work conference. Sun Shuyi, standing committee member of the provincial party committee and secretary of the political and legal committee of the provincial party committee, made a speech at the conference.

He said: The year 1995 is the last year to implement the Eighth Five-Year Plan, as well as an extremely important year to deepen reform and set up the socialist market economic system. The leading comrades at various levels should pay attention to preventing and overcoming the phenomena of paying attention to reform and opening up but ignoring the struggle against criminal offenders, should be prepared for danger in times of peace, and should consciously attend to the safeguarding of stability.

Sun Shuyi stressed: We should sign the 1995 letters of responsibility for overall improvement of social order with various levels, organically link the improvement of social order with the system of negating all the other achievements when major cases are not investigated, and strengthen real work achievements. We should deal strict blows to serious criminal activities; resolutely stop the trend that the number of criminal cases, particularly major vicious cases, are increasing; sternly deal blows to economic criminal activities; safeguard the socialist market economic order; strengthen supervision over the enforcement of laws; be resolute to strictly administer [words indistinct]; and elevate our province's judicial, procuratorial, and court work to a new height.

Wang Yuxi, vice governor of the provincial party committee and vice chairman of the provincial committee for overall improvement of social order, chaired the conference. Wang Shufang, Zhai Yongbo, and Han Bangju, leading comrades of the province; Yu Peigao, president of the provincial higher people's court; and Zhao Changfeng, chief procurator of the provincial people's procuratorate, attended the conference.

Shandong's Circular on Banning Illegal Lottery Tickets*SK1401070495 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 13 Jan 95*

[FBIS Translated Text] The general office under the provincial people's government recently issued an emergency circular to urge various localities to resolutely ban the issuance of illegal lottery tickets.

The circular reads: Recently, some localities and departments have issued lottery tickets or engaged in the lottery ticket business in counterfeit form by disregarding the relevant regulations issued by the CPC Central Committee and the State Council. Specific counties and cities have encountered the phenomenon in which privately owned enterprises and household-run industrial and commercial firms are issuing lottery tickets to the society by violating the law. Units and individuals outside provinces and cities have colluded with some localities in Shandong to jointly issue lottery tickets. These illegal lottery tickets have seriously disturbed the market order and affected social stability.

The circular points out: Currently, the State Council has authorized the Chinese Committee for Social Welfare and Donations With Prizes and the Lottery Ticket Management Company under the State Physical Culture and Sports Commission to adequately issue lottery tickets or sports lottery tickets. Departments at all levels in charge of civil affairs and of physical culture and sports are not allowed to issue such tickets presumptuously. All lottery tickets with fixed prices by the institutions themselves, that have been printed without following the standards set by the General Office of the People's Bank of China, and that have been issued in counterfeit form, should be resolutely checked.

The circular urges the governments of various prefectures, cities, and counties to clear up or consolidate their local lottery ticket markets; and to realistically enhance their leadership over the work done by the committees at all levels in charge of social welfare and donations with prizes to ensure the healthy development of social welfare and the lottery ticket business in the province.

Paper Publishes Shanghai Mayor Huang Ju's New Year Message*OW1401063695 Shanghai WEN HUI BAO in Chinese 1 Jan 95 p 1*

["New Year Message by Shanghai Mayor Huang Ju"]

[FBIS Translated Text] Municipal residents, comrades, friends:

With the beginning of another year, everything takes on a completely new look. On behalf of the Shanghai Municipal People's Government, I extend sincere New Year greetings to the 13 million municipal residents; to commanders and fighters of Army and Armed Police units stationed in Shanghai; and to friends and comrades

from other parts of the country as well as abroad who have cared for and taken part in Shanghai's construction.

In the past year, the people of the municipality, led by the party Central Committee and State Council, united as one in pressing on in the flush of victory; and, successfully accomplished the tasks of building material and spiritual civilization, and fulfilling the fighting goal set by Comrade Xiaoping for the people of Shanghai, of effecting "some changes once a year and a substantial change once every three years." We scored sustained, rapid, and healthy economic development; continued to deepen reform and opening up; gained great momentum and notable results in developing Pudong; achieved new breakthroughs in modern urban construction; and promoted vigorous advances in science, technology, education, and other social undertakings. With stable public order and improved livelihood, the people's spirits were further heightened. All these achievements crystallize the tremendous support from the party and the government; embody the all-out assistance from people throughout the country; and reveal the heroic, graceful bearing of the people of Shanghai persisting in emancipating their minds, seeking truth from facts, and forging ahead tenaciously.

Reviewing the past, our hearts are full of feelings; looking forward to the future, we are full of pride and enthusiasm. In the coming year, we will—under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and of the party's basic line, and in accordance with plans mapped out by the just-concluded Third Plenary Session of the Sixth Municipal CPC Committee—persist in subordinating ourselves to and serving the overall situation and will comprehensively fulfill the tasks for this year, in order to lay a solid foundation for Shanghai's work to scale a new height in the next three years.

In the coming year, we will maintain the sound momentum of reform, opening up, and economic development and curb inflation. We will attach a greater importance to the quality and efficiency of economic growth, the coordination and management of urban construction, and the improvement and perfection of the legal system. We will expedite the establishment of a modern enterprise system and deepen reform in various supporting areas, paying particular attention to large and medium state-owned enterprises. We will go all out to solve practical problems, alleviate traffic congestion and the housing shortage, and further improve the quality of the people's life. We will continue to fight corruption, adhere to the principle of putting equal emphasis on two fronts and doing well in both, and work hard to promote coordinated economic and social development in Shanghai.

We are convinced that the people of Shanghai, who shoulder the historical mission of "making Shanghai the leader of the Chang Jiang valley and a financial, trade,

and shipping center," will certainly seize the opportunity, carry forward the cause and forge ahead into the future, and continuously win new, greater victories.

In conclusion, may you all enjoy good health, happy family life, and advancement in the coming year!

Article Says Shanghai Strengthens Anticorruption Drive

OW1401160795 Shanghai WEN HUI BAO in Chinese
28 Dec 94 p 2

[Article by Zheng Changfu (6774 7022 1009): "Shanghai Strengthens Anticorruption Drive; Discipline Inspection, Supervision Organs at All Levels Received 32,125 Complaints From the Masses, Investigated and Put 1,476 Cases of Violating Discipline and the Law on File for Prosecution in the First 11 Months of This Year"]

[FBIS Translated Text] Party and government organizations at all levels in Shanghai have resolutely carried out the anticorruption tasks set by the party Central Committee and the State Council. As of the end of November, all discipline inspection and supervision organs in the municipality had investigated and placed 1,476 cases of violating discipline and the law on file for prosecution; punished 1,168 party members and cadres for discipline violations; checked up on 152 sedans used by party and government organizations; and returned to enterprises 1,951 piece of equipment and 967,000 yuan used by party and government organizations free of charge. Meanwhile, they had also formulated 14 sets of rules and regulations and publicized and commended nearly 1,000 clean and honest party members and cadres, thereby creating an important condition for promoting Shanghai's economic development and social stability and effecting "a substantial change in three years."

Shanghai has stepped up the anticorruption drive based on the basis of last year's achievements. The municipal party committee and government have actively guided party and government leaders at all levels and discipline and supervision cadres at large to maintain their sobriety and sense of urgency, because while Shanghai's economy is developing rapidly, some negative decadent phenomena have continued to grow and spread in the party. Since the beginning of this year, the municipal party committee and government have held two meetings of senior cadres who are party members to work out specific arrangements for fighting corruption and promoting clean government. They have also carried out education on party work style and clean government among cadres, and they have repeatedly organized surveys on the anticorruption drive in Shanghai in order to assess the situation, draw up countermeasures, and exercise supervision.

Because this year's anticorruption drive is focused on party and government organizations, the leading cadres

have conscientiously examined and corrected themselves in regard to honesty and self-discipline. Ninety-eight percent of leading bodies at and above the county and section level in Shanghai have already convened special democratic meetings as required to examine and correct themselves in accordance with the five new requirements set by the Third Plenary Session of the Central Discipline Inspection Commission. Work to check up on sedans used by party and government organizations was completed by the end of October.

The municipal discipline inspection and supervision commissions have always attached great importance to investigating and punishing cases of violations of discipline and the law. This year, discipline inspection and supervision organs, while conscientiously handling complaints from the masses, have paid close attention to specific activities in economic construction and the front line of production, in searching for possible offenses and group crimes in economic criminal cases. While investigating and handling a case at the beginning of this year of the illegal approval of a land lease in Xinjing Township, the municipal discipline inspection commission, along with the procuratorial organ and the relevant departments, followed clues in tracking down economic crimes committed by three bureau-level cadres, a section-level cadre, and five enterprise managers; most of the crimes were major cases. Meanwhile, the commissions stepped up efforts to hear cases, and they promptly meted out punishments according to the provisions of party discipline once the facts and evidence were verified. Owing to the keen attention by all party and government leaders and the concerted efforts by discipline inspection and supervision organs, the masses have continued to file complaints and pass on tips, thereby expediting the process of investigating and handling cases. As of the end of November, discipline inspection and supervision organs had accepted 32,125 complaints from the masses. Of these, 4,892 were verified after initial investigations, and 1,476 were put on file for prosecution. They included 330 cases involving more than 10,000 yuan, and they implicated 10 bureau-level and 117 section-level cadres. Of these cases, 1,220 were concluded and 77 section-level and eight bureau-level cadres were punished under party or administrative discipline.

Based on last year's achievements, fresh progress has been made in rectifying party work style since the beginning of this year. According to preliminary data, 98.6 percent of fees collected indiscriminately have been suspended; 236 persons paid back 178,000 yuan in public funds that they had spent on trips abroad; and work to check up on the use of funds and goods by party and government organizations has proceeded smoothly.

In fighting corruption since the beginning of this year, emphasis has been placed on exploring new ideas for combining institutions, mechanisms, and laws, as well as on strengthening institutional building and education in party and administrative discipline, in party work style, and in clean government. The 14 sets of rules and

regulations—promulgated by the municipal party committee, the municipal government, or the municipal discipline inspection or supervision commission—clearly define the line of demarcation when applying the relevant policies, and they regulate the behavior of party members and cadres. These rules and regulations play an important role in deepening the anticorruption drive. Discipline inspection and supervision organs at all level have publicized, through speeches and other media, party members and cadres of their own units who perform their duties honestly. Especially educational campaigns on keeping clean and honest and on working hard, which were launched from July through September, helped some comrades understand the need to bring into play the work style of working hard, and these enhance their consciousness of carrying forward the work style, thereby laying the ideological foundations for resisting inroads by various decadent ideas.

Zhejiang CPC Committee Holds 4th Plenum

OW1301133795 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 5 Jan 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] From 4-5 January, the Fourth Plenary Session of the Ninth Zhejiang Provincial CPC Committee was held in Hangzhou. Taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guidance, concentrating on the overall situation of the work of the entire party and state, and following the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and of the Central Economic Work Conference, the plenary session analyzed the situation, unified thinking, reviewed and summed up last year's work, examined and discussed the provincial party committee's work points for 1995 and major targets and guiding thought for provincial economic and social development, studied and arranged this year's work.

On behalf of the provincial party committee's standing committee, Provincial Party Secretary Li Zemin briefed the plenary session on the standing committee's work. Provincial Deputy Party Secretary Wan Xueyuan presided over the meeting.

The plenary session conscientiously reviewed and summed up last year's work. Attendees to the meeting unanimously maintained: The past year is an unforgettable year of reform, development, and stability. The provincial party committee has conscientiously kept the overall situation of the work of the entire party and state in mind and correctly handled the relations among reform, development, and stability. It has proceeded its work according to the work points set at the beginning of last year, concentrated efforts on economic construction, unswervingly promoted reform and opening up by stressing major tasks, reform, stability, leading bodies,

and the advancement of development. It has appropriately handled a variety of social contradictions and contingencies and overcome difficulties caused by devastating natural disasters. Zhejiang's economy continued to grow rapidly and various reforms were carried out smoothly. The social and political situation was basically stable and people's living conditions were further improved. Party building and the construction of spiritual civilization were markedly strengthened, with progress made in various aspects:

First, Zhejiang has treated the stability in agriculture, particularly grain output, as the most important matter in stabilizing the economy and society. Agricultural and rural economy have stood the test of natural disasters and market risks.

Second, Zhejiang has kept abreast of the macroeconomic trend and set its eyes on the future while keeping the present situation in mind in studying and solving conspicuous contradictions and problems in economic development; this has brought about healthy economic operations.

Third, Zhejiang has conscientiously implemented the central authorities' five major reform measures, vigorously instituted the enterprise property right system, encouraged innovation in operations, and made new progress in various reforms.

Fourth, Zhejiang has strengthened the work on propaganda and ideology and strived to promote the construction of a socialist spiritual civilization, democracy, and legal system, with comprehensive control of public order as the focus.

Fifth, focusing on the improvement of leading bodies and grass-roots units and anticorruption struggle, Zhejiang has actively explored new ways of strengthening party building under the new situation.

In proceeding last year's work, the provincial party committee has attached importance to self-improvement, intensified the study in theories, upheld democratic centralism, raised the level of collective leadership and decision-making, constantly improved leading methods and work styles, went down to the grass-roots units to conduct investigation and study, stressed work points for implementation, and attached importance to leadership over the people's congress, government, and the committee of the Chinese People's Political Consultative Conference [CPPCC], to bring out the most in them. In the face of serious problems in reform and development, the provincial party committee has coordinated paces of various sectors to amass their strength.

While confirming the provincial party committee's work performance last year, the plenary session also seriously viewed some problems and faults existing in the work and expressed opinions for improving and strengthening the work. The plenary session maintained: This year is a decisive year for completing the Eighth Five-Year Plan,

as well as a year that links the past and the future and in which the foundation for the launch of the Ninth Five-Year Plan will be laid.

The general requirements for the provincial party committee are: Adhering to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; conscientiously carrying out the guidelines of the Third and the Fourth Plenary Sessions of the 14th CPC Central Committee and the Central Economic Work Conference; keeping in mind the overall situation of the work of the entire party and state; persistently concentrating on economic construction and carrying out the principle of revitalizing the economy and enhancing ideological and political work; strengthening party building and the construction of spiritual civilization, democracy, and legal system; correctly handling relations among reform, development, and stability; attaching importance to studying new situations and solving new problems; continuing to emancipate the minds, seek truth from facts, deepen reform, open up wider to the outside world, develop the economy, bring a better life to the people, and stabilize society; and maintaining sustained, rapid, and healthy economic development and overall social progress in Zhejiang.

Attention should be paid to the following points in proceeding the work: 1. Make agricultural stability and the control over rapid price hikes the keys to stabilizing the economy and society; 2. Readjust the structure and improve management by means of scientific advancement, so as to strive to improve the quality and efficiency of economic growth; 3. Gradually solve various contradictions in economic life and promote healthy economic development by adhering to reform and opening up; 4. Adhere to the principle of revitalizing the economy and enhancing ideological and political work and vigorously promote the construction of spiritual civilization, democracy, and legal system; 5. Strengthen party building in ideology, organization, and work style in an all-round way and strive to improve the party's leading capability.

The plenary session stressed: To carry out this year's work satisfactorily, we must resolutely foster a matter-of-fact, hard-working, and practical attitude. Party cadres at various levels must firmly uphold the purpose of serving the people wholeheartedly, intensify the nurturing of party spirit, truly change work style, and improve leading methods. The plenary session called on party organizations at various levels in Zhejiang to firmly follow the party's basic line, work in one mind and keep the pace—like people crossing a river in the same boat, rely on the masses, wage hard struggle, blaze new trails, do a solid job, and win a new victory in the reform, opening up, and socialist modernization drive in Zhejiang.

Attending this plenary session were 52 provincial party committee members and alternate members. Secretaries

of party organizations of the provincial people's congress standing committee and the provincial CPPCC committee and deputy secretaries of the Provincial Discipline Inspection Commission attended the plenary session as observers.

Report on Zhejiang's Crackdown on Corruption

OW1401140795 Hangzhou ZHEJIANG RIBAO in Chinese 25 Dec 94 p 3

[Article by Yue Yaoyong (1471 5069 0516): "The Sword of Punishment for Corruption Tries Its Cutting Edge for the First Time—A Review of 1994"]

[FBIS Translated Text] The year that is going to draw to a close is one in which we carried out reform and launched an anticorruption drive. One upsurge of the anticorruption drive after another attracted the people's close attention. In the increasingly intensifying anticorruption drive, they saw that the party and government are resolutely determined to punish corrupt personnel.

People were most deeply impressed by the steps taken by the people's procuratorial organs amid the anticorruption drive. With firm determination, with the courage of one who enforces the law impartially, with a selfless and fearless spirit, and in implementing the tactics fit for a battle of wits and guts, Zhejiang's procuratorial organs waged a life-and-death struggle against such corrupt elements as were guilty of graft and taking bribes. In the struggle, they made contributions to guaranteeing the honesty of the party and state organs and to maintaining the order of a socialist market economy, and they were praised by the party and the masses of the people.

People will still remember that on 1 February 1994, all the major news media of Hangzhou carried prominent reports on the marked successes achieved by Zhejiang's procuratorial organs in combating graft and bribery. They announced the phased successes achieved in the anticorruption drive. For a while, the anticorruption drive became a topic frequently discussed by the people. There was a sharp rise in the number of reports by informers of offenses to the procuratorial organs' report centers. Case after case was discovered from such reports, and a rapid succession of files was established for investigations into such cases.

However, the people also had their misgivings. All the criminal cases such as graft, the taking of bribes, and so forth investigated in Zhejiang involved ordinary cadres, staffers, and workers. The number of cases involving leading cadres at and above the county and department level was very few. Were the procuratorial organs "only swatting flies and avoiding touching tigers?"

In fact, this was also an issue that the procuratorial organs were considering. The anticorruption drive only achieved successes in the first phase. The protracted drive that must run through the entire process of reform and opening up still needed to be launched in a thoroughgoing manner; otherwise, all that has been achieved

will be spoiled. Therefore, Ge Shengping, chief procurator of the Zhejiang Provincial People's Procuratorate [ZPPP], who assumed his post a year ago, issued the demand that all procuratorial organs in Zhejiang "concentrate their efforts on investigating major cases and particularly important criminal cases involving leading cadres." His demand sounded the clarion call to further intensify the anticorruption drive.

Undoubtedly, although Zhejiang's procuratorial organs have achieved great successes in carrying out since 1989 the anticorruption drive against graft and bribery, their investigations of major cases involving crimes committed by leading cadres had always been a weak link. This affected the intensification of the entire anticorruption drive. Decisionmakers of procuratorial organs at all levels in Zhejiang were determined to achieve a breakthrough in investigating major cases. As time passed, at last a change in the situation began to take place.

At the end of May and in early June, under the direct command of ZPPP Chief Procurator Ge Shengping and ZPPP Deputy Chief Procurator Zhu Xiaoqing, the procuratorial organs cracked major criminal cases involving a number of leading cadres in Quzhou city and Kaihua County. One cadre of a government department at the provincial level, six cadres at the county and department level, and six cadres at the section and bureau level, including Zhan Tusheng, standing committee member of the Quzhou city party committee and vice mayor of Quzhou city, and Liu Xinchun, secretary of the Kaihua County party committee, were brought to justice on charge of taking bribes. When this news spread, it shook all of Zhejiang province.

Later, in Jinhua city, Ying Kanghua, deputy director of the propaganda department under the Jinhua city party committee, was investigated on charge of taking bribes; in Wenzhou city, Su Wencong, deputy director of the Wenzhou Port Office, was arrested on the charge of taking bribes; in Huzhou city, two cadres of a government department at the provincial level working at the Changguang Coal Mine Company were investigated on charges of taking bribes; in Taizhou Prefecture, Teng Miaofu and Dong Huaishu, vice chairmen of the Taizhou Prefectural Economic Restructuring Commission, were investigated on charge of taking bribes; and in Hangzhou city, a number of major cases involving the taking of bribes by cadres, including Zhou Jinwang, deputy director of the supply and marketing cooperative department under the provincial bureau in charge of the reform of criminals through labor, and Feng Jinhao, deputy director of the training center of the provincial public health department, were cracked successively. A number of criminals who held important posts and who were guilty of graft and taking bribes were arrested, prosecuted, and sentenced to imprisonment, one after another.

As the year draws to an end, at last we can say that the procuratorial organs have achieved a substantive breakthrough in investigating major cases involving crimes

committed by leading cadres. According to statistics, from January to November of this year, Zhejiang's procuratorial organs placed a total of 2,191 economic crimes on file for investigation and prosecution in accordance with the law. This is an increase of 21 percent over the same period last year. Among them 931 were major cases of graft and taking bribes, up 77 percent from the same period last year. Among these criminal cases were 32 major cases involving leading cadres of government departments at the provincial level (including two major cases involving cadres at the department and bureau level). This figure is a 300-percent increase over the same period last year.

Of course, graft and bribery are the most typical phenomena of corruption. However, people have not yet taken note of the fact that crimes such as dereliction of duty and violation of citizens' democratic rights are also a very serious phenomenon of corruption. The harm they do to the party and state organs is as serious as that done by the phenomena of corruption such as graft and taking bribes. Zhejiang's procuratorial organs are also duty-bound to crack down on such criminal activities as the violation of citizens' democratic rights and the dereliction of duty.

On 5 April of this year, 43 students of the Hu Town Primary School in Jinyun County were unfortunately drowned during a spring outing. Immediately after the occurrence of the tragedy, the procuratorial organs at the provincial, prefectural, and county levels placed the incident of the sinking of the boat on file for investigation. School Principal Lu Chenghuo and other personnel guilty of dereliction of duty were prosecuted for their responsibility for the crime in accordance with the law.

In January this year, Zhou Hua, an innocent 17-year-old middle school student of Jiangshan city, was beaten to death by five people, including Weng Tianfa, a people's policeman of the public security department of Jiangshan city, and Xie Deyi, an assistant at the department of civil affairs and at the judicial department of Jiangshan city, when they tried to extort a confession from him by torture. The Jiangshan City People's Procuratorate impartially enforced the law and resolutely investigated the case in accordance with the law. It prosecuted the five defendants in accordance with the law and sentenced Weng Tianfa and Xie Deyi to life in prison.

There were many similar cases. According to statistics, this year, procuratorial organs in Zhejiang placed a total of 505 cases of violations of citizens' democratic rights and dereliction of duty on file for investigation. This figure is a 26-percent increase over last year. These cases involved 25 public security and judicial personnel who were implicated in the perpetration of a crime.

As legal supervision organs, the procuratorial organs are responsible for supervising investigations and court trials. In accordance with the law, they may carry out supervision over making a wrongful arrest, letting any criminal escape from arrest, prosecuting the wrong

defendant, letting any criminal escape from prosecution, and the handing down of a wrong verdict. In doing so, they will effectively crack down on crimes and protect the legitimate rights and interests of citizens.

With the end of winter and the arrival of spring, a new year will come soon. We believe Zhejiang will make new progress in its procuratorial work in the coming year.

Zhejiang Aims More Reforms at Big Businesses

*OW1401104195 Beijing XINHUA in English 0721
GMT 14 Jan 95*

[FBIS Transcribed Text] Hangzhou, January 14 (XINHUA)—Zhejiang Province in eastern China will push forward the reform of its economic mechanism this year by experimenting with a modern enterprise system in 100 of its large or medium-sized businesses.

A senior provincial official said that the reforms this year will focus on making clear enterprises' property rights and responsibilities. They will have more freedom from government control and have to practice more scientific management.

So far, there are nearly one million industrial businesses in Zhejiang, which extend to every aspect of the province's industrial pattern. About 5,000 of such enterprises are big or medium-sized, and state-owned.

During the past year the province has explored ways to reform enterprises' property rights.

Up to now, the province has approved the setting up of 189 share-holding companies, and thousands of small businesses have found new expansion opportunities by way of leasing, merging and auction.

More firms will be transformed into share-holding companies, the official said.

Meanwhile, the province will attract more overseas funds to transform its machinery, silk and chemical industries.

On the other hand, there are 700,000 township or village enterprises, accounting for two-thirds of the total. Some of them will be turned into share-holding companies, and some will be declared bankrupt, sold or auctioned to revitalize them.

In order to ensure such industrial reforms, the province will speed up the implementation of pension and unemployment insurance schemes, the official said.

Wenzhou City Implements Job-Related Injury Insurance

*OW1601073295 Beijing XINHUA in English 0707
GMT 16 Jan 95*

[FBIS Transcribed Text] Wenzhou, January, 16 (XINHUA)—Southeast China's Wenzhou city in Zhejiang Province formally began comprehensive On-the-Job

Insurance from the first day of 1995, marking the beginning of a complete social insurance system in this coastal city.

The newly implemented Work-Injury Insurance system features six distinct characteristics:

Extending the scope of service from the original state-owned and collective enterprises to all sorts of businesses, as well as to all staff workers of any employer; enlarging the scope of service from the previous work-related injuries and illnesses to applying to any injury occurring while involved in saving company property or in rescuing someone, or from traffic accidents, or death at working; expanding the benefits covered by insurance; establishing special institution responsible for assessing the degree of injury and disability covered by insurance; setting up a compensation fund for work injuries; and reforming the management system of Work-Injury Insurance.

Wenzhou city is a pioneer in China's social insurance reforms. In 1991, it initiated comprehensive Insurance for the Elderly, which covered not only state-owned and collective enterprises, but also joint-stock, private, joint-venture, and foreign-funded enterprises and institutions without state backing. And in 1992 it started comprehensive unemployment insurance. Both have been significantly contributing to the local social stability, playing a positive role in the establishment of a socialist market economy.

Central-South Region

Guangzhou Conference on Scientific Surveys of Spratlys

*HK1701110095 Beijing XINHUA Domestic Service in
Chinese 2109 GMT 14 Dec 94*

[FBIS Translated Text] Guangzhou, 15 Dec (XINHUA)—A conference reporting on the results of comprehensive scientific surveys on Nansha [Spratlys] conducted over the last 10 years was held a few days ago in Guangzhou. Some 200 experts and delegates from concerned departments attended the conference.

The Nansha Islands and their neighboring waters are an important, integral part of Nanhai [South China Sea], are rich in mineral, biological, and fishing resources and highly important for the sustained development of our country's economy. During the "Seventh and Eighth Five-Year Plans," the state conducted comprehensive and in-depth surveys and studies on Nansha, deploying large numbers of scientists and technologists.

Over the last 10 years, the survey teams made 21 oceanographic study voyages, sailing a total of 150,000 nautical miles, spending over 1,000 days at sea. The perimeters of their surveys was 80,000 nautical miles long; they made over 1,000 stops for visualization and sampling, traversing in their investigative voyages the entire Nansha waters. Employing a variety of means and

methods, scientists and technologists conducted over 50 probes and sample-collecting operations for over 10 oceanographic and ocean-geological sciences, obtained massive samples and data from on-site monitoring, and contributed much to the growth of oceanography, resource development, and environmental protection. In six of their voyages, survey teams made six geophysical studies of the Nansha waters, analyzing geophysical data on over 15,000 nautical miles of Nansha waters, explored dozens of coral reefs, beaches, and islets, acquiring knowledge of their geological structures that will provide more useful scientific information for the Nansha coral reef project.

From their oceanographic investigations, the Nansha comprehensive scientific survey teams found in the subsurface a marine life zone with maximum concentrations of oxygen, chlorophyll, and absorbance and a thin layer of nitris. They established correlations between the circulation pattern of the Nansha waters and circulations in the northern part of its neighboring waters; most importantly they established a directional, wind stressed-circulation pattern for deep sea circulations. Important achievements were also achieved in tridimensional sea current digital-value simulation, internal waves, mini-structures, reef-bank bores, surface winds, waves, and remote sensing of flow fields. Initial investigations identified 3,372 life forms, discovered 43 new breeds, and found many areas of dense life zones and "simulated grassland" ecosystems in Nansha waters, filling many gaps in China's studies of Nansha waters

Guangdong Launches Anticounterfeit Campaign

OW1701050595 Beijing XINHUA in English 0410
GMT 17 Jan 95

[FBIS Transcribed Text] Guangzhou, January 17 (XINHUA)—Food, cosmetics, electrical appliances and oil products have been targeted in an anti-fake campaign being carried out in South China's booming province of Guangdong.

Since last December the province has despatched more than 8,000 technical inspectors to check thousands of market places and shops across the province, according to the provincial technical supervision department.

So far, the inspectors have seized fake goods and products of poor quality worth 10.55 million yuan, and punished more than 1,500 firms dealing in these goods, with fines totalling 1.94 million yuan.

In addition, they have closed 41 underground factories producing counterfeit or shoddy goods.

Guangdong Telecommunications Plans Set Out

HK1501061495 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 5

[By Li Wen: "Guangdong Leads Telecom Industry"]

[FBIS Transcribed Text] Guangzhou—China's most profitable province in the posts and telecommunications sector is planning to invest 12 billion yuan (\$1.4 billion) on telecom construction this year, boosting its phone switching capacity to 10 million lines.

The advancement will ease the critical shortage of telecom facilities fuelled by dynamic growth in this southern region of 80 million.

Yang Peilin, deputy director of Guangdong Posts and Telecommunications Administration (GPTA), predicted a more profitable year as Guangdong's telecom industry leads the country in technology and efficiency.

Taking up nearly 20 per cent of China's postal and telecom business, GPTA received 13.5 billion yuan (\$1.6 billion) in business income last year, a 47.5 per cent increase from 1993.

Postal and telecom businesses have kept an annual growth rate of 27 per cent, surpassing the 22 per cent gross domestic product in Guangdong.

Yang said the business should keep the same or higher growth rate this year, but did not disclose the income prediction figure for this year-end.

GPTA's increasing profit comes from its telecommunications operations—as in most of China, postal service is a money-losing proposition.

Last year, GPTA spent 700 million yuan (\$83 million) subsidizing the postal sector in Guangdong.

Last year, the local government spent 10 billion yuan (\$1.2 billion) to add 2.3 million new telephone lines, including 52,000 long-distance lines, and to add 240,000 mobile phone and 600,000 pager users.

To date, Guangdong has opened 7.3 million telephone lines, enlarged its cellular phone users to 550,000 and pager users to 2 million.

New Social Security System To Operate in Guangdong

HK1601073595 Beijing CHINA DAILY in English 16
Jan 95 p 3

[By Wang Rong: "Citizens Trust Social Security System"]

[FBIS Transcribed Text] Guangzhou—Retired senior officials in Guangdong will, beginning this year, have to live like common citizens.

In fact, they will have to follow rules of the new social security system to collect their monthly pensions, Fang Changxi, director of the Guangdong Social Security Administration (GSSA), said during a weekend meeting with some of the province's former senior officials.

He promised that the new pensions will not be less than the current ones, since external elements such as inflation will be taken into account.

All current employees of government organizations also will be covered under this year's reform.

"To establish the modern enterprise system, a series of social insurance measures is needed to share and lighten the burdens of enterprises," Fang said.

In 1994, the core of the pension insurance reform was introduced into all of the province's enterprises.

So far, more than 6 million of the province's labourers have taken part in the reform. More than 1 million of them are retired, according to GSSA statistics.

And social insurance institutions paid more than 2.5 billion yuan (\$297 million) last year for pensions, which enabled enterprises to put their surplus funds toward expanding production, said Fang.

In addition, the number of people in Guangdong with industrial accident insurance has increased to 5.4 million.

About 4.18 million workers have taken the unemployment insurance, which was implemented in all State enterprises and some collectively-owned ones.

Child-bearing and medicine insurance, only offered in certain cities, such as Shenzhen, Shunde and Foshan, has attracted almost a million people.

Local analysts note that many changes are taking place in Guangdong's fast-developing social security system.

The new system is giving people a greater sense of security than the previous one, said Fang.

The pension is more reliable because responsibility for it lies with individuals, enterprises and governments, said Fang.

The volume of pensions will increase along with prices and wages.

As the experimental lab of the country's comprehensive economic reforms, Guangdong is expected to expand the new coverage to all the province, said Fang.

Economic Conference Held on Pearl River Delta Development

OW1501020795 Beijing XINHUA in English 0157
GMT 15 Jan 95

[FBIS Transcribed Text] Guangzhou, January 15 (XINHUA)—Some 100 economists and experts took part in an international seminar on the economic development of the Pearl River Delta held in Jiangmen City, Guangdong Province.

The experts, from Beijing, Guangzhou, and Hong Kong, and from the Republic of Korea, New Zealand and the

United States, held wide-ranging discussions last week on the economic relations between the Pearl River Delta and the Asia-Pacific region.

The delta, which has developed into the most prosperous area not only in this South China province but also in the whole country, should continue to play a leading role in China's economic development and strengthen its co-operation with the Asia-Pacific countries and regions, according to the experts.

The delta area has experienced rapid economic growth in the past 15 years, and has been taken as a model by other Chinese areas in their efforts to move to a market economy from the planned one.

This area has also become more attractive and important to overseas investors from the Asia-Pacific region, one of the most promising areas of the world for economic growth.

The experts suggested that the delta area attach still greater importance to the adjustment of the industrial structure and improvement of economic efficiency, as well as education, science and technology, and environmental protection.

The area should join hands with Hong Kong, the international financial center adjacent to the delta, to do more for the Asia-Pacific region's development after China's resumption of the exercise of its sovereignty over Hong Kong in 1997, the experts said.

Hainan Governor Lauds Virtues of 'Small Government'

HK1601030195 Hong Kong AFP in English 0153 GMT
16 Jan 95

[By Philippe Massonnet]

[FBIS Transcribed Text] Haikou, China, Jan 16 (AFP)—Two years after being sent as governor to the southern Chinese island of Hainan, Ruan Chongwu says China's largest special economic zone has put instability behind it and is on the path to prosperity.

"God gave us natural resources, the central government created a special economic zone, and we did the rest with our own policies," says Ruan, a smiling, alert-looking man in his sixties.

Although he is the secretary of Hainan's communist party as well as its governor, Ruan is also head of the province's special economic zone, and his speech is remarkably free of the party jargon echoed by most Chinese officials.

In an interview with AFP, Ruan failed to mention paramount leader Deng Xiaoping, the architect of China's reforms, the socialist market economy, or the now-fashionable "reform, development, stability," slogan.

The former public security and labor minister is more intent on selling the economic merits of Hainan, a large island in the South China Sea, in which the principles of capitalism have been pursued furiously over the past few years. Hainan also has a reputation across China as a conduit for the regional drug trade and a haven for the country's bandits—a view often presented in the country's press. But Ruan counters that image, saying: "It is true that the situation was chaotic a few years ago, but this is no longer true today, even if thefts have been increasing and if the sex industry is still in place."

He also says that the crime rate in Hainan is lower than the annual average and has declined since last year.

"You have to be fair, crime will always exist in a developing economy," he says. "A lack of security is not problem number one in Hainan."

Prior to his arrival on this tropical island of seven million people in 1993, a combination of unchecked speculation on the real estate market and a lack of economic regulations had the economy spinning out of control. Last year, economic growth fell to 12 percent, with the property market plummeting by more than 30 percent. However, agriculture, traditionally a poor performer in the Chinese economy, grew by 10 percent.

The change was largely a result of Ruan's decision to regulate the unruly free-marketers and speculators operating on the newly capitalist island.

"It was time to stop the machine and change gears," he said. "We tightened credit, limited the number of projects and put in place a legal framework to support major investments."

"We have now developed a valuable infrastructure for long-term development," he said.

But he added that the clampdown was in no way intended to dampen the capitalist spirit of the island's entrepreneurs.

"Our first principal remains one of 'small government,' that intervenes as little as possible in the economy and in trade. You can sign a contract here in several minutes," he said.

"Here we don't make the difference between the public and private sector and all investors are welcome to come take advantage of the benefits we have to offer," he added.

So far few foreign firms have been willing to put money into the island, which is in dire need of investment in the energy, transport and telecommunications sectors. Ruan says this is due in part to the poor image of the island abroad over the past few years, one that he is determined to change.

"Hainan is not the hell that you often see described, it is much more of a paradise," he said.

Correction to Guangzhou Consulate District

HK1201014595

The following correction pertains to an item headlined "Guangzhou To Develop Consulate District" published in the 11 January China DAILY REPORT on pages 83, 84:

Page 83, column two, make sourceline read: ...Hong Kong SOUTH CHINA MORNING POST (PROPERTY POST) in English 11 Jan 95 p 5 ...[correcting publication name]

Southwest Region

Guizhou's Liu Addresses Organization Work Meeting

HK1701112495 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 11 Jan 95

[FBIS Translated Text] The provincial organization work meeting opened in Guiyang yesterday. Provincial leaders Liu Fangren, Chen Shineng, Long Zhiyi, Wang Siqi, Wang Guangxian, Li Wanlu, Wang Shouting, Huang Yao, and Yu Zhonggui attended the meeting, which was presided over by Chen Shineng, deputy secretary of the provincial party committee. Wang Shouting, Standing Committee member of the provincial party committee and director of the Organization Department, conveyed the spirit of the national organization work conference.

Provincial party secretary Liu Fangren delivered an important speech at the meeting. He said: Selecting leading cadres who have both ability and political integrity and outstanding young cadres to strengthen the building of leading bodies at all levels is necessary for upholding the party's basic line for 100 years without wavering, for maintaining long-term political stability in our country, and for achieving the province's second-step strategic goal and laying a sound foundation for its great cultural development in the coming century. We must uphold two integrations and comprehensively improve the quality of party-member leading cadres at the county level and above through three basic ways. Liu Fangren stressed: There must be a new breakthrough in selecting outstanding young cadres. The work of training and educating cadres should be strengthened and there must be new advances in deepening cadre system reform. He said: The provincial party committee has decided that by 1998 a number of outstanding young cadres, who are in their thirties and forties, should have been selected to the party and government leading bodies at the county level and above. To achieve this general goal, by the end of this year, party and government leading bodies directly under the jurisdiction of the provincial government and the leading bodies of enterprises and institutions at the prefectural and departmental levels, which are under the jurisdiction of the provincial government, should have been provided with

one or two leading cadres under or about 45 years old. Party and government leading bodies of the prefectures, cities, and autonomous prefectures as well as counties, cities, and districts should have been provided with one or two leading cadres at around 40 or under 35 years old. We should strive to build, in one or two years, a contingent of reserve cadres, ample in number, sound in quality, and rational in structure. The work of training and educating cadres should be further strengthened. In cadre work, party committees at all levels must comprehensively manage all links of the work such as discovering, training, selecting, using, educating, and supervising cadres and promptly avoid and overcome the practices of putting stress on cadre selection and use to the neglect of cadre management and education and strive to raise the political and ideological level and [words indistinct]. Cadre system reform should be conducted according to the general spirit of being firm in attitude, rational in arrangement, accelerated in pace, and steady in work. Through deepening such reform, we must strive to establish a dynamic management mechanism characterized by open competition on an equal footing under which cadres can be both promoted and demoted and outstanding talented people are able to distinguish themselves and a supervision system which is in complete line with the legal system. This year, we should actively carry out verification of the work of party and government leading bodies, readjust the posts of leading cadres who are not competitive with their jobs at the [words indistinct] and under the departmental level, and strengthen supervision and inspection of the work of selecting cadres at these levels.

Guizhou Secretary Addresses Economic Work Meeting

HK1801122195 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 7 Jan 95

[FBIS Translated Text] Liu Fangren, secretary of the provincial party committee, made an important speech at a two-day provincial economic work meeting, stressing the need to reach unanimity of understanding, strengthen confidence, and proceed with work in a down-to-earth manner to bring about sustained, rapid, and healthy economic development. In his speech, Liu Fangren said: This year is the last of the Eighth Five-Year Plan and is also a year of preparation for the formulation of the Ninth Five-Year Plan. The general requirements for this year's work are: Upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; profoundly implementing the instructions of the 14th CPC National Congress as well as the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; seizing the opportunity to deepen reform, widen the opening up scope, stimulate development, and maintain stability, which is in the interests of the entire country; correctly handling the relationship between reform, development, and stability; emancipating the mind to promote opening up; using opening up to stimulate

development; using development to bring about stability; doing two types of work simultaneously and laying equal stress on both; boosting the people's morale; doing practical work; fulfilling all tasks set by the Eighth Five-Year Plan; and making efforts to blaze a new trail in the situation. In accordance with these general requirements, this year's main economic tasks are: Putting agriculture in the first place of economic work; comprehensively developing the rural economy; expediting the work of helping the poor out of poverty toward moderate prosperity; strengthening and improving macroeconomic management; resolutely curbing inflation; improving large and medium state enterprises; speeding up the development of nonstate-owned economic sectors; cultivating new economic growing fields; practicing the strategy of using opening up as a propelling force; waging a total war for a larger scale of opening up; increasing the impetus of adjusting the economic structure; strengthening management and bringing about technological progress; improving the quality and efficiency of the entire economy; strengthening infrastructural construction; and bringing about sustained, rapid, and healthy national economic development.

Liu Fangren continued: This year we must focus on the following points in economic work:

1. Paying close attention to controlling commodity prices and resolutely curbing inflation. We must thoroughly implement the state's price reform program and its policy and measures on strengthening management over prices. In addition, we must also increase the supply of essential goods in society, strengthen our supervision and management over markets, and rectify the circulation order.
2. Putting agriculture in the first place and comprehensively developing the rural economy. We must make up our minds to increase agricultural investments, work hard to increase grain output and the peasants' income, and to reduce the population natural growth rate.
3. Deepening reform with the focus on state-owned enterprises. We must make great efforts to improve large and medium state-owned enterprises, transform their operational mechanism, strengthen their vitality, adjust their structure, and raise their economic results.
4. Bringing about simultaneous growth in revenue and economic development. We must fulfill the taxation task assigned by the central government and make major efforts to improve the distribution of local resources and increase local revenues.
5. Developing nonstate-owned economic sectors and cultivating new economic growing fields. In the course of bringing about major development and major improvement, we must encourage private economic sectors in localities to develop further.
6. Actively practicing the strategy of using opening up as a propelling force and waging a total war for a large scale of opening up. The application of the investment policy must be improved so that foreign-invested projects will

stay long, start operating quickly, and produce good economic results. In the meantime, we must strengthen macroeconomic management and further improve the quality and efficiency of economic growth. In the course of fulfilling the above jobs, we must also make a success of the following two major points: Formulating the Ninth Five-Year Plan and carrying out institutional reform.

In his speech, Liu Fangren stressed: We must strengthen party building and improve party organizations' ability to exercise administration and master the overall situation. All levels of party committees and governments must strengthen their mentality about the overall situation and concentrate their efforts on implementing policies. In terms of work style, we must oppose remaining on the surface and encourage going to grass-roots units; we must oppose talking glibly about theory and encourage fulfilling work in a down-to-earth manner; we must oppose going through the motions and encourage doing solid work; we must oppose dilatoriness and encourage speediness; we must oppose trickery and encourage truthfulness; and we must oppose formalism and encourage practicality.

Sichuan's Xie Inspects Yaan Prefecture

HK1701060195 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 11 Jan 95

[FBIS Translated Text] While conducting an inspection and study in Yaan Prefecture a few days ago, provincial party secretary Xie Shijie stressed: This year, we should do good work in five aspects while persisting in development. He said: This year, 1) we should persist in development [words indistinct] and take all measures to persist in development. We should promote big development by opening up the province to the outside world in a big way and absorb foreign funds by making use of our strong points. 2) We should develop industry, readjust its structure, strengthen management, improve efficiency, enhance the sense of competition, and upgrade industry to a new level. 3) We should conscientiously implement the policy of stabilizing grain production, making structural readjustments, increasing production, and achieving a higher standard of living. In rural economy, while developing township and town enterprises, we should pay close attention to agricultural development, with the stress on expanding the collective economy. 4) We should strengthen party organizations at the grass-roots level. All localities should make good selections for party branch secretaries, straighten the ways of their thinking, make good plans, and moreover, they should strive to achieve good results. This is really an important matter that has a bearing on the rise or decline or the survival or extinction of the party. 5) We should be concerned about the weal and woe of the masses and pay attention to work methods. As the end of the year is approaching, we should make arrangements for the New Year celebrations for families with material difficulties. We should make a plan for the support-the-poor work in

the urban areas and allocate some funds so that the work can be done in earnest. We should help peasants in disaster areas arrange their daily life during the New Year holidays.

Tibet Armed Police Attend Meeting on Antisplittism

OW1701130695 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 14 Jan 95

[FBIS Translated Text] The regional People's Armed Police Corps held a report meeting at the auditorium of its second regiment on 13 January. The meeting aimed at informing its officers and soldiers about the current state of the antisplittist struggle.

To help the broad masses of officers and soldiers of the armed police strengthen their understanding of the antisplittist struggle, better carry out the guiding spirit of the two meetings, provide better service for economic development in Tibet, and usher in the upcoming 30th founding anniversary of the Tibet Autonomous Region, the regional People's Armed Police Corps invited in particular an official from the propaganda department of the regional Tibet CPC Committee to deliver a special report for its officers and soldiers stationed in Lhasa.

The speaker carried out a profound analysis of the current situation of the Dalai clique and its political plots by vividly detailing its activities. He said: At present, the situation in our region is basically stable. But the situation of antisplittist struggle remains very grim. While colluding with anti-Chinese elements in the West to whip up public opinion in an attempt to internationalize the Tibet issue, the Dalai clique is also accelerating its infiltration and subversion in our territory under the signboard of nationalism and religious freedom. It tries to compete with us to win the support of the people including youths and to create factors of disturbance. The Dalai clique's splittist activities are the root cause of the unstable situation in our region. To reveal the true nature of the Dalai clique and take countermeasures to fight against the clique is an important political task to safeguard the sovereignty of the state, to strengthen national unity, to protect the security of the state, and to maintain social stability.

He also said: As long as we have a strong party and a contingent of cadres who are pure, we are able to lead the broad masses of the people and unify patriotic figures of all nationalities and all sectors to achieve a victory in the antisplittist struggle.

Corps Deputy Commander Ga Jin also spoke at the meeting. He urged officers and soldiers to learn something from this report meeting. He also urged them to pay attention to an educational drive aiming at promoting patriotism and the understanding of the overall situation in China. He urged them to make contributions in safeguarding the prosperity and stability of our region, and he said that in carrying out this educational drive, it

is necessary to combat formalism and to strive to seek truth from facts so as to make new and greater contributions in safeguarding political stability, economic development, and social security in Tibet.

Tibet CPC Circular on Patriotic Education

OW1401141095 Lhasa XIZANG RIBAO in Chinese 22 Dec 94 pp 1, 3

[Circular of the Tibet Autonomous Regional CPC Committee Concerning the Implementation of the "Program for Education in Patriotism"—dated 3 December 1994]

[FBIS Translated Text] The "Program for Education in Patriotism," issued by the CPC Central Committee, gives a comprehensive exposition on the great significance of education in patriotism; and sets the basic principles, main contents, principal targets, and a series of specific measures for conducting such education. The "program," which contains theoretical guidance for practical operation, fully reflects the emphasis of the building of spiritual civilization on practical action. It is a programmatic document guiding us in conducting education in patriotism among all people, especially youths at large, under new historical conditions. Party and government organizations at all levels, education departments, the Communist Youth League [CYL], and trade unions throughout the region should, in line with the spirit of the "program," work hard and tirelessly to carry out education in an extensive, deep-going, and protracted way today and for some time to come in the future. To this end, the following circular is especially issued:

1. Conscientiously study the "program" to enhance ideological understanding. Patriotism has always been a banner for mobilizing and inspiring the people to fight in unity, as well as a tremendous force propelling the advance of society and history, and the common spiritual pillar of support for the people of all nationalities. The "program" explicitly points out that education in patriotism is aimed at boosting national spirit, at enhancing national unity, at fostering a sense of national pride, at consolidating and developing the broadest patriotic united front, and at guiding and channeling the masses' deep love of the country to making contributions to the great cause of building socialism with Chinese characteristics and to the motherland's unification and prosperity, thereby enabling the people to become citizens having ideals, a sense of morality and discipline, and general knowledge; and to fight in unity for the accomplishment of the common aspirations of the four modernization and the rejuvenation of the Chinese nation. Tibet is a frontier ethnic minority region waging an acute, complicated struggle against splittism. Cadres and people of all nationalities throughout the region, especially youths at large, are in a forward position for opposing splittism, safeguarding the motherland's unification, and strengthening unity among nationalities. Therefore, to conduct in-depth education in patriotism

is of particular importance for us to more effectively launch the struggle against splittism, safeguard the motherland's unification, strengthen unity among nationalities, maintain regional stability, and to accelerate Tibet's development. The "program" clearly targets youths as the focus of education in patriotism, thus amply demonstrating the party Central Committee's keen attention to ideological education among youths and its multitude of care about their growth. Youths today are a cross-century generation; they symbolize the hope and future of the country. Therefore, we must conscientiously conduct education in patriotism among them in order to train qualified successors and builders of socialism, who oppose splittism and safeguard the motherland's unification. In studying the "program," we must proceed from the overall strategic height of training cross-century successors in further recognizing the importance and urgency of education in patriotism. The "program" is rich in contents. Party and government leaders at all levels should take the lead in studying the "program" diligently so as to thoroughly understand its essence. Education in patriotism is the source of strength for promoting reform, opening up, and the modernization drive. We should organically combine the study and implementation of the spirit of the "program" with the study and implementation of the guidelines of the Third Forum on Work in Tibet and the Sixth Enlarged Plenary Session of the Fourth Regional CPC Committee. Through conducting education in patriotism, we should inspire patriotism and the aspiration to contribute to the country among the masses of cadres and people; further harness their enthusiasm and creativity in reform and opening up; facilitate the implementation of the guidelines of the Third Forum on Work in Tibet and the Sixth Enlarged Plenary Session of the Fourth Regional CPC Committee; more closely rally around the party Central Committee with Comrade Jiang Zemin as the core; persist in taking economic construction as the central task; and firmly grasp the two major tasks of development and stability in ensuring the region's rapid economic growth, all-around social progress, and long-term order and stability as well as the continuous improvement of the people's livelihood, and in working with one heart and one mind for the rejuvenation of the Chinese nation.

2. Grasp the contents of the education in accordance with the spirit of the "program." All localities should conduct education in patriotism in a thoroughgoing way in accordance with the contents outlined in detail in the "program." In addition, we should, in accordance with the spirit of the "program" and in light of the reality in Tibet, lay particular emphasis on the education in fighting against splittism, focusing the education on intensifying the struggle against splittism, on safeguarding the motherland's unification, and on strengthening unity between all nationalities; and exerting great and relentless efforts to this end. We should further step up the publicity and education on Tibet's sovereignty and human rights and on the "law on regional autonomy

for ethnic minorities." We should firmly expose Western anti-Chinese forces' rumor and slander against Tibet, and smash their attempt to "Westernize" and "split up" Tibet. We should firmly expose the reactionary essence of a so-called "highly autonomous" "greater Tibet" advocated by the Dalai clique; we should educate all people to raise their awareness of safeguarding the motherland's independence, national sovereignty, and territorial integrity; and we should wage a resolute struggle against activities and statements betraying the motherland's interests, undermining its dignity, endangering national security, and splitting up the motherland. We should strengthen education on the Marxist outlook on ethnic minorities and religion and the party's policy toward ethnic minorities and religion. We should go all out to publicize the tireless efforts and historical contributions made by people of all nationalities in safeguarding the unity between nationalities and the motherland's unification; and we should foster a strong awareness among people of all nationalities that the Han and minority nationalities are inseparable from each other, so that all people will consciously safeguard the unity between nationalities and the motherland's unification. We should make good use of materials related to modern Tibetan history, the contemporary history of revolution, and regional conditions in carrying out vivid and concrete education in patriotism in order to enable all people, youths in particular, to understand penetratingly the cruelty and darkness of feudal serfdom and the warmth and happiness of being part of the big family of the socialist motherland, thereby harnessing their ardent love of the Communist Party and the socialist motherland. We should carry out education on the party's basic line and achievements in the socialist modernization drive. We should carry out education especially on Tibet's tremendous achievements in reform, opening up, and the modernization drive since the Third Plenary Session of the 11th CPC Central Committee, in order to enable cadres and the masses to further strengthen their conviction in socialism and to uphold unswervingly the party's basic line. All localities should, in accordance with the guidelines of the "program" and in light of local conditions, grasp the main points of the contents in conducting education in patriotism in a practical and pertinent, as well as in a vivid and concrete, way, so as to achieve the education's desired results.

3. Take effective measures to launch educational activities in a down-to-earth manner. Party and government organizations as well as CYL organizations at all levels in Tibet should, pursuant to the spirit of the "program" and in light of local conditions, draw up concrete detailed rules and adopt effective measures to conduct education in patriotism through various forms and in a down-to-earth manner. We should pay close attention to building bases for conducting the education. Museums, martyrs' tombs, monuments, cultural relics, historical ruins, scenic spots, natural conservation areas, and key construction projects and advanced rural and urban units displaying significant achievements in Tibet's

building of material and spiritual civilizations should be important venues and bases for conducting the education. We should fully utilize them in conducting concrete and vivid education in patriotism. This year, Tibet will formally name a number of bases for education in patriotism. All localities, units, and CYL organizations should, in light of local conditions and of the features of local work, launch a campaign to "build bases and educate a new generation of people." Civil affairs, cultural, tourism, parks, and cultural relics departments in all localities should take the initiative to provide necessary support and assistance to youths' study tours on bases. We should truly strengthen education in patriotism among youths and students. Education departments at all levels and schools of all kinds should, in accordance with the spirit of the "program," make education in patriotism an important component of moral education, and should teach patriotism in classrooms. We should, on the basis of special features in different stages of universities and middle and primary schools, step up the education on the Chinese nation's outstanding cultural and moral traditions and on the current situation. We should further improve the system of raising the national flag, singing the national anthem, and hanging the portraits of prominent Chinese historical figures in schools; and we should actively launch extracurricular activities on patriotism. We should launch the "hand-in-hand" campaign of mutual assistance between middle and primary school students in Tibet and their counterparts in Beijing.

CYL organizations and students associations in schools should organize students in making speeches, staging performances, writing blackboard bulletins, and giving lectures on patriotism so that classrooms and individuals will be involved in the education. We should continue the campaign to show 100 movies on patriotism, in earnestly summing up experiences to solve existing problems and to gradually extend popularizing the campaign to farming and pastoral areas. The regional party committee's Propaganda Department should take the lead in compiling a series of books on patriotism so as to further institutionalize the education. CYL organizations at all levels should sponsor activities on reading good books and singing good songs among youths in order to cultivate their patriotic sentiments. Youth palaces, cultural palaces (pavilions and stations), and youth camps in all localities should carry out colorful educational and cultural activities so as to exert an imperceptible influence on youths to accept education in patriotism while they enjoy recreation or learn to become talented. People's organizations, such as urban neighborhood and residents committees and rural villagers committees, trade unions, CYL organizations, and women's federations at all levels, should attach importance to bringing into play the role of the family in youth education, and they should make the education of children in patriotism an important criterion for evaluating five-good families and civilized families.

4. Utilize various media to strengthen the intensity of publicity on education. Propaganda and media fronts at various levels, as well as radio stations, blackboard bulletins, wall posters, and publications by schools at all levels and of all types, are the important carriers for carrying out education in patriotism among youths. We should further strengthen the intensity of publicity on education, and we should publicize the spirit of the "program" comprehensively, systematically, and accurately. Radio and TV stations, newspapers, and journals should, in light of their own features, set up special columns and programs on patriotism, as well as publish reviews and commentaries on patriotic movies and documentaries. CYL organizations in schools should publish the contents and synopses of patriotic movies and documentaries in school publications as well as articles by students after viewing the movies or documentaries. All press units should promptly report on the study and implementation of the "program" in various localities. All press units should publicize great achievements in reform and opening up on various fronts: on the Chinese nation's glorious traditions and brilliant culture; on patriotic role models on various fronts who have made prominent contributions to reform, opening up, and the modernization drive; on advanced individuals who have inherited and carried forward the glorious traditions and selfless sacrifices of the "old Tibet;" on units and individuals who are outstanding in safeguarding the unity between nationalities; and on good experiences in launching education on patriotism in various localities and units. Through extensive and in-depth publicity and education, we should cultivate a profound atmosphere of education on patriotism throughout the region, giving the masses of people and youths every opportunity to accept and be influenced by patriotism.

5. Strengthen organizational leadership to guarantee the carrying out of education on a regular basis. In carrying out education on patriotism, it is of crucial importance to make persistent efforts to achieve practical results. Party and government organizations at all levels should truly strengthen leadership over education on patriotism, in making the study and implementation of the "program" an important item on the agenda. It is necessary to keep in mind the central task of economic construction in formulating practical plans for carrying out education and in carrying out the plans on a long-term basis. Leading comrades at all levels should personally attend to the education, and they should do more concrete work and attach greater importance to practical results by stepping up inspection and guidance to help solve problems in conducting the education. Propaganda departments of party committees at all levels should, under the unified leadership of party committees, guide and assist the relevant departments in setting up a working liaison system; and they should coordinate various circles in carrying out the education on a systematic and regular basis. It is necessary to sponsor various cultural, recreational, and educational activities for the

broad masses of people in order to increase education's social effects and practical results. All localities should attach importance to conducting investigation and study, should earnestly summarize and popularize good experiences in carrying out education on patriotism, and should commend and reward units and individuals who are outstanding in carrying out education, in order to promote education in Tibet in a broad, deep-going, and sustained manner.

North Region

Beijing Becomes 'Economically-Open City'

OW1701102695 Beijing XINHUA in English 0853
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—For the first time, over 17 percent of last year's budget revenues in this capital city came from export businesses, a sign that Beijing has turned into an economically-open city, according to official sources.

As a general rule of economic life, an open city or economy earns at least 15 percent of its income from foreign trade.

In 1994, the foreign trade volume in the city amounted to 4.01 billion U.S. dollars, a rise of 31.9 percent, with imports reaching 1.89 billion U.S. dollars, up 40.2 percent. Exports amounted to 2.12 billion U.S. dollars, 430 million U.S. dollars more than in 1993, said an official responsible for foreign trade in the city.

Nearly 4,000 commercial organizations from over 80 countries and territories around the world had made inroads into Beijing by the end of 1994, he said.

In October, 1995, the city will host the 26th annual conference of the Association of World Trade Centers, to be attended by about one thousand representatives from 260 cities worldwide, during which time Beijing will hold exhibitions and trade fairs to promote reforms, opening-up, foreign trade, and economic co-operation.

Beijing To Revise Legislation on Price Controls

OW1201170195 Beijing XINHUA in English 1419
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—Beijing will revise legislation on price controls in 1995, according to Li Jiali, director of the Beijing Municipal Commodity Price Bureau.

The director revealed that the municipal government will propose that the "Regulations Concerning Price Supervision and Examination" be revised, in an attempt to improve controls over prices.

In the case of real estate, legislators will work on the implementation measures for the "Provisional Methods Concerning Urban Real Estate Prices" promulgated by the State Planning Commission, Li said.

In addition, the municipality will take steps to ensure implementation of local regulations banning price manipulation. Li told a seminar for local legislators today that in 1994, some 11,000 cases involving unscrupulous pricing were dealt with in Beijing, with fines totalling 25.21 million yuan (2.96 million U.S. dollars).

Retail price index in Beijing rose by 17.9 percent in 1994, ranking 27th among 35 large cities in the country. Consumer prices grew by 24.9 percent, ranking 16th.

The capital underwent a major price fluctuation in the third quarter of 1994, which caused across-the-board price hikes for grain, edible oils, meat, eggs, and vegetables, arousing strong concern among local residents.

Beijing Holds Economic Work Conference 22 Dec

SK1301002095 Beijing BEIJING RIBAO in Chinese 23 Dec 94 p 1

[By reporters Guo Qili (6753 2722 2698) and Wang Xiaodong (3769 2556 2639): "The Municipal Party Committee and Government Hold Economic Work Conference To Further Implement the Guidelines of the Central Economic Work Conference and Put Forward the Initial Ideas for Next Year's Economic Work"]

[FBIS Translated Text] The municipal party committee and government held a municipal economic work conference on 22 December to further implement the guidelines of the national economic work conference, unify understanding, and put forward the initial ideas for next year's economic work in line with Beijing's reality.

Chen Xitong, secretary of the municipal party committee, chaired and addressed the conference.

Mayor Li Qiyang gave a speech to summarize this year's economic work and put forward the initial ideas for the targets, major tasks, and work priorities of next year's economic development.

Li Qiyang said in his speech: With the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and under the correct leadership of the party Central Committee, the State Council, and the municipal party committee, all trades and professions in Beijing conscientiously implemented the guidelines of the 14th party congress and the third and fourth plenary sessions of the 14th party Central Committee, resolutely abided by and served the general task of the work of the entire party and entire country, and properly handled the relationship between reform, development, and stability since the beginning of this year, thus making new headway in all fields of work. The economy developed in a sustained, rapid, and healthy manner, with the gross domestic product [GDP] expected to grow by 13 percent this year. The fundamental position of agriculture was further strengthened, the rural economy developed in all sectors, and a good grain harvest was won despite the serious natural disasters. In industry, the output value and

efficiency grew at the same pace, the production of state-owned enterprises, which occupied a dominant position, rose rapidly, and the development momentum of collective enterprises and the three types of foreign-funded enterprises remained strong. Urban and rural markets were thriving, the tertiary industry maintained a good development trend, and its proportion in the GDP accounted for over 47 percent. Construction of urban infrastructural facilities was accelerated, key projects proceeded smoothly, new progress was made in the supplies of electricity and gas, the Western Railway Station took an initial shape, and 73 km of roads and 29 overpasses were built to improve the urban road traffic capacity. New headway was made in the use of foreign capital, and the number of the approved foreign-funded enterprises of the three types exceeded 10,000. A total of \$1.93 billion of foreign capital was used in the whole year, up 96.9 percent from last year. Foreign investment pattern was further improved, and the total value of exports was expected to reach \$2 billion, up 17.6 percent. Tourism developed vigorously, and its income increased substantially. New headway was also made in education, science and technology, culture, public health, and sports. Living standard continued to improve.

According to Li Qiyang's analysis, these achievements were attributed chiefly to the unswerving implementation of the various reform measures of the central authorities, the strengthening and improvement of macroeconomic regulation and control, and the conscientious implementation of the guiding principle of "emancipating the mind, firmly seizing the opportunity, making breakthroughs in key areas, achieving a moderately prosperous life ahead of schedule, and making a bigger stride in reform and construction" for Beijing's work, which led to progress in carrying out the priorities and resolving difficulties in the endeavor of achieving a moderately prosperous life.

Li Qiyang emphasized: We should pay great attention to some conspicuous difficulties and problems in the economy, such as the inordinately large price rises, the sharp increase in financial subsidies, the weak farmland water conservation facilities, the failure for urban infrastructural facilities to meet the needs of economic development and people's life, and the difficulties of some state-owned enterprises. In view of this, Li Qiyang analyzed the reasons and put forward ways to address problems.

Speaking on the ideas for next year's economic work, Li Qiyang said: Beijing should resolutely implement the central general guiding thoughts for economic work, keep reality in mind, have a good command of priorities, continue to strengthen and improve macroeconomic regulation and control, resolutely check the inordinately large price rises, and facilitate sustained, rapid, and healthy economic development. Focusing on deepening the reform of state-owned enterprises, it should promote the supporting reform in various aspects and continue to open wider to the outside world. It should increase

agricultural investment and the effective supplies of farm and sideline products, and develop the rural economy and make it flourish in all sectors. Focusing on the supplies of infrastructural facilities and housing, it should comprehensively promote urban and rural modernization. It should increase efforts in structural adjustment, strengthen enterprise management and technical transformation, and improve the overall quality and efficiency of the economy. It should pay close attention to the three difficulties in achieving a moderately prosperous life and strive for new breakthroughs in the development of mountainous areas, in housing construction, and in helping low-income workers resolve difficulties in their life.

Present at the conference were Wang Baosen, Ouyang Wenan, Xia Qinlin, Tao Xiping, Lu Yucheng, He Luli, Li Runwu, Hu Zhaoguang, Duan Qiang, Han Boping, Feng Mingwei, and Wan Siqian.

Beijing Secretary at Study Work Conference

SK1401014895 Beijing BEIJING RIBAO in Chinese 24 Dec 94 p 1

[FBIS Translated Text] In order to energetically encourage the practice of investigation and study, Beijing Municipality sponsored the fourth joint conference on investigation and study work from 21 to 23 December. Chen Xitong, secretary of the municipal party committee, attended the joint conference and delivered a speech.

Chen Xitong pointed out: Various departments, commissions, offices, districts, and counties have submitted 298 problems or issues to the municipal party committee for investigation and study this year; 395 have been well investigated and studied; and 360 have been turned into positive results, showing a new increase over 1993. The purpose in investigation and study lies in application, in dealing with problems, and in expediting the work. If leading cadres are unable to carry out investigation and study, it is very difficult for them to be in leadership posts. Efforts should be made to make investigation and study a habit and a truly necessary procedure for all levels of leading organs to make policy decisions on key issues.

Chen Xitong stated: As 1995 is the last year of the Eighth Five-Year Plan and is a crucial year for the municipality to prefulfill the target of becoming better-off by three years, we should further boost our work in various fields. In 1995, we should make a new breakthrough in party building and particularly a new breakthrough in selecting and promoting young cadres, make new progress in conducting reform among the personnel affairs systems, and enhance the upgrading of the quality of cadres. Without investigation and study, it is very difficult to conform with the actual situation and to conduct the work successfully. A good job should be done in carrying out investigation and study to ensure the fulfillment of various tasks in 1995. He put forward the following three

demands for investigation and study: 1) Efforts should be made to uphold them. 2) Efforts should be made to improve them. 3) Efforts should be made to enhance the building of the contingent of personnel in charge of investigation and study.

Chen Xitong pointed out: First, it is imperative to uphold through to the end, the work to energetically encourage the practice of investigation and study, and to enable the work to become a habit and to be carried out persistently. To this end, we should uphold the principle of upgrading the understanding of leading cadres and of having good systems to ensure the work. Second, it is necessary to upgrade the quality of investigation and study. To this end, we should accurately select problems or issues; put forward the key points of problems; possess a large amount of materials; concentrate our efforts on studying the investigation materials; and put forward the major contradictions and the methods to deal with them. Third, it is necessary to summarize the experience, to preserve the organs in charge of investigation and study, to have these organs be perfect, and to boldly select young cadres to be in charge of investigation and study so as to enable investigation and study to truly become the school of training cadres. On-the-job comrades should also improve themselves in this regard by enhancing their study. They should upgrade their capability of written expression, have literary grace in writing investigation and study articles, upgrade their levels on policies, and master the central authorities' policies in various fields. They should also gain more scientific and professional knowledge, and it is basic for them to upgrade their levels on Marxism and Leninism, to know the basic dialectics well, and to learn by implementing.

Sponsored by the research unit under the municipal party committee, the joint conference was attended by the directors of research units under various departments, commissions, offices, districts, and counties—more than 60 persons in total.

Hebei Expands Market Network

OW1401064495 Beijing XINHUA in English 0627 GMT 14 Jan 95

[FBIS Transcribed Text] Shijiazhuang, January 14 (XINHUA)—North China's Hebei Province invested 1.35 billion yuan in building and expanding 184 markets last year.

By now, the province has about 4,200 markets, which saw a total business volume of 50 billion yuan, 20 billion more than in 1993, according to the Market Administration Office of the provincial government.

Because the province surrounds Beijing and Tianjin, two of China's largest cities, it built many wholesale agricultural products markets to supply foods, oil and vegetables for them.

The province also built several large production materials markets last year, which now number 350.

These markets have all promoted the development of local towns and villages providing more than four million jobs for local residents.

Private Sector Accelerates Development in Hebei

OW1501030695 Beijing XINHUA in English 0213 GMT 15 Jan 95

[FBIS Transcribed Text] Shijiazhuang, January 15 (XINHUA)—The private sector of the economy in north China's Hebei province saw rapid growth in 1994.

By the end of 1994, the province boasted 137,000 businesses of single-proprietorship, which employ more than three million workers and average a registered capital of 6,313 yuan (742.7 U.S. dollars), up 35, 40, and 12 percent respectively on the previous year.

The number of private enterprises reached some 20,000, with a total payroll of some 400,000 people, and an average registered capital of 255,000 yuan, respectively increasing by 118 percent, 91 percent and 30 percent.

While the sector was concentrated mainly on commerce, industry, and catering trade, last year also saw expansion in tourism, education and high-tech industries, a provincial official said.

The quality and competence of the private owners has also been improved, with the involvement of an increasing number of retired government functionaries, university professors and technical personnel in these businesses.

Inner Mongolia Secretary Speaks at CPC Plenum

SK1701144595 Hohhot NEIMENGGU RIBAO in Chinese 25 Dec 94 p 1

[By reporter Chen Li (7115 0500): "Comprehensively Intensify Efforts To Improve the Autonomous Regional Party Committee Itself and Strive To Create a New Situation in Reform, Opening up, and the Modernization Drive"]

[FBIS Translated Text] Secretary Liu Mingzu gave an important speech at the first plenary session of the sixth autonomous regional party committee on the afternoon of 24 December. He said: Shouldering the important mission of leading the vast number of communist party members and masses of various nationalities in the region to attain the second-step strategic objective, this party committee deeply feels its heavy responsibilities. In our future work, we must unite closely round the party Central Committee with Comrade Jiang Zemin as the core; adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; unite and lead the vast number of communist party members, cadres, and ordinary people of various nationalities across the region to create a new situation in reform, opening up, and the modernization

drive based on the current work foundation; and live up to the expectations and great trust of the party and the people.

Liu Mingzu said: As the autonomous regional party committee is the leadership core for all the undertakings of the region, its situation has a direct bearing on the historical process to attain the second-step strategic objective. To improve itself, the leading body of the autonomous regional party committee should make efforts in the following aspects.

First, it should set an example in emancipating the mind, seeking truth from facts, and doing work creatively. The key to emancipating the mind is to closely coordinate the central guidelines with the regional reality and carry out work creatively. Each and every member of the leading body of the regional party committee, especially standing committee members, should persistently judge right and wrong and loss and gain based on the criterion of the "three advantages," have the courage to conduct explorations and experiments, brave the way forward, and use the ideas of reform, opening up, and the market economy to guide economic and other work.

Second, it should set an example in upholding democratic centralism and strengthening the party's unity and solidarity. We should unify our thinking in line with Comrade Xiaoping's theory of building socialism with Chinese characteristics and with the goals and tasks put forward at the sixth regional party congress. This is the foundation for unity. In strengthening unity, we should not only succeed in the unity among the members of the regional party committee, but we should also unite with the leading bodies of the people's congress, government, Chinese People's Political Consultative Conference, discipline inspection commission, and military district to rally forces to successfully accomplish Inner Mongolia's work. We should be a model in exercising democratic centralism, take the initiative in safeguarding the unity of the party and the authority of the party Central Committee, and maintain a high degree of ideological and political unity with the party Central Committee. We should take the initiative in safeguarding the system of collective leadership, decide on important policies after collective discussions, and give full play to the role of plenary sessions and the standing committee as a whole and the role of every member. We should improve the system of democratic meetings. We should set an example for all the party organizations in the region not only in the unity of the leading body but also in the unity among various nationalities. We should actively do our work to safeguard the unity among various nationalities, and should have the courage to uphold principles toward, to criticize, and to stop the words and deeds harmful to such unity.

Third, it should set an example in maintaining plain living, hard work, honesty, and self-discipline. We should greatly advocate the spirit of plain living, arduous struggle, and developing all undertakings through thrift

and hard work; and we should resolutely overcome the phenomena of ostentation, extravagance, lavish spending, and waste. At all times and under all circumstances, we should place the party's undertakings and the people's interests above everything else; work diligently, conscientiously, and in a down-to-earth manner; and redouble efforts to make our work successful. All the members of the regional party committee, especially standing committee members, must remain diligent and honest and set a good example. They should abide by relevant regulations of the party Central Committee and the regional party committee in an exemplary manner, and take good charge of themselves, of the localities, departments, and units under their administration, of the personnel beside them, and of their dependents. They should take the initiative in fighting resolutely against all corrupt deeds and persistently and thoroughly wage the anticorruption struggle.

Fourth, it should set an example in establishing ties with the masses and exerting earnest efforts to do practical work. The new regional party committee should regard it as the starting point as well as the end result of all its endeavors to work for the interests of the masses and to improve their living standard. It should have a strong sense of public servant and always bear in mind the people's hardships. It should take the lead in going deep into the grass roots and the reality of life to learn about people's conditions and desires, show concern for their hardships, and conscientiously help them resolve specific difficulties and problems. It should let the practice of dealing with concrete matters relating to work be manifest in all its work. In adopting work decisions and measures, it should truly show respect for reality, for the masses, for laws, and for science so that its subjective understanding will conform to the objective reality. The standing committee of the regional party committee should be determined to free themselves from paper shuffling and frequent meetings as well as unnecessary protocol, parties, and routine activities, and should save some time to go deep into the grass roots to learn about new conditions and new problems and summarize new experiences. It should resolutely guard against such unhealthy practice as formalism and fraud, and should speak the truth, carry out practical work, make earnest efforts, and seek practical results.

Fifth, it should set an example in intensifying study and integrating theory with practice. All the members of the autonomous regional party committee should attach importance to study, master the ideological weapon of reform and innovation, and strive to improve theoretical accomplishment, political and ideological level, the ability to control the overall situation, and the practical work level. They should develop the Marxist study style of integrating theory with practice and arm their minds and guide their practice with the theory of building socialism with Chinese characteristics. They should adhere to and perfect the study system of the central group; coordinate their efforts in intensifying study, improving accomplishment, doing research work, and

addressing problems; upgrade the quality and results of their study; and explore the new ways to intensify the study of leading bodies. Through the specific deed of intensifying their own study, they should lead the study of the party organizations at all levels and the study of communist party members, cadres, and ordinary people, and should create throughout the region a prevailing atmosphere in which people study and apply Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Liu Mingzu said: It is everyone's common desire to build a strong leadership collective. To improve the leading body, it is, of course, important to give play to the role of the standing committee; but this also cannot be separated from the concerted efforts of all the members. By intensifying efforts to establish necessary systems, we will build the leading body into a strong collective which is politically firm, ideologically united, keen in making progress, and innovative, which establishes ties with the masses, which is clean, honest, diligent, united and harmonious, and coordinated in steps, and which goes all out to make progress and does earnest and practical work.

Liu Mingzu said in his speech: Next year will be the last year of the Eighth Five-Year Plan period and the starting year for attaining the various targets put forward at the sixth autonomous regional party congress. Success in next year's work has a very important significance. In line with the central arrangements and the tasks put forward at the sixth autonomous regional party congress, Liu Mingzu emphasized the following points in the major work for 1995.

First, we should continue to put the endeavor of strengthening agriculture and animal husbandry—the foundation—on the top of the regional economic work. The general goals of the 1995 rural and pastoral work are 1) to increase the effective supplies of farm and animal products, and 2) to increase the income of peasants and herdsmen. Focusing on these goals, we should particularly achieve success in the following five aspects. 1) We should be determined to increase the investment in agriculture and animal husbandry and intensify the infrastructural construction for agriculture and animal husbandry. 2) We should further strengthen the socialized service system in rural and pastoral areas and step up efforts to develop the "coordinated economy." 3) We should further adjust the structure. 4) We should greatly develop township enterprises. 5) We should pay attention to both the endeavor of achieving affluence and a relatively comfortable life and the developmental projects designed to support the poor when arranging rural and pastoral work.

Second, we should deepen enterprise reform and adopt every possible means to improve state-owned enterprises. In deepening the reform of state-owned enterprises, we should give priority to three aspects. 1) We should do a good job in experimenting with the reform

designed to establish the modern enterprise system. Meanwhile, we should make an overall appraisal of state-owned assets, formulate plans for the reform designed to establish the modern enterprise system, and strive to complete this reform at state-owned large and medium-sized enterprises in three to five years. 2) We should achieve success in the reform of the property rights of small, poor, and loss-making enterprises. 3) We should do a good job in the internal reform of enterprises and improve their business and management. We should adjust and optimize the industrial composition, product mix, and enterprises' organizational structure to meet market demand. We should conscientiously help enterprises reduce deficits and increase profits and improve their economic efficiency.

Third, we should resolutely curb inflation, with the focus on controlling price increases. We should make great efforts in the vegetable basket project to increase the effective supplies of meat, vegetables, and other farm and animal products. We should also strengthen the control and management of market prices.

Fourth, focusing on increasing income and reducing expenditure, we should further strengthen the collection of tax revenues and monetary work. To resolve financial difficulties, we should do a good job in increasing, accumulating, and managing revenues. We should further strengthen monetary work.

Fifth, we should open wider to the outside world, with the focus on introduction of investment from abroad and on foreign economic relations and trade. We should particularly pay attention to two aspects. 1) Regarding the projects for which contracts have been signed or letters of intention of cooperation have been agreed upon, the responsibility system should be implemented to track these projects to make sure that all the projects are carried out when contracts are signed. 2) Promotion of foreign investment should be meticulously organized, and particular attention should be given to practical results. We should further strengthen foreign economic relations and trade and encourage the enterprises where conditions permit to increase exports and to develop multi-layered, multiform, and multi-channel foreign trade.

Sixth, we should increase the proportion of economic growth gained from scientific and technological advances, with the focus on developing agriculture, animal husbandry, and industry through the promotion of science and technology. We should pay particular attention to the dissemination and application of advanced applicable technology. Rural and pastoral areas should greatly intensify the scientific and technological training of peasants and herdsmen and encourage the scientific and technical personnel specialized in agriculture and animal husbandry to provide services in rural and pastoral areas. Industrial enterprises should tackle the major technological difficulties of a number of selected key projects and achieve success in technological innovation and development of new products. We

should speed up cultivation of technology markets, expand the scale of technology transactions, and further facilitate the structural adjustment and personnel flow of scientific research institutes.

Seventh, we should promote the spiritual civilization, with the focus on strengthening propaganda and ideological work. Two aspects should be emphasized: To conscientiously implement the "outlines of conducting the education in patriotism" and conduct extensive and intensive education in patriotism throughout the region; and to launch large-scale study and discussions on the theory of the socialist market economy.

Eighth, we should pay close attention to the comprehensive management of public security to maintain social stability. We should improve ideological understanding, overcome the ideas leading to carelessness, and enhance the awareness of hardships and political sensitiveness. We should strengthen the people's democratic dictatorship and greatly add impetus to the crackdown of criminal activities. We should further strengthen the comprehensive management of public security and promote the implementation of the various measures for the comprehensive management.

Ninth, we should strengthen party building and improve party leadership. We should continue the intensive study of the theory of building socialism with Chinese characteristics and improve the party's ideological level; should conscientiously intensify efforts to improve the party's grass-roots organizations; should achieve progress in party style and administrative honesty; should improve leading bodies and cadres' contingents; should strengthen party leadership over economic work; and should make great efforts to improve work styles and pay close attention to implementation of work.

Inner Mongolia Military District Party Congress Ends

SK1801022395 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 16 Jan 95

[FBIS Translated Text] After satisfactorily accomplishing various items on the agenda, the Fifth CPC Congress of the Inner Mongolia military district successfully ended in Hohhot on 15 January. Comrade Liu Mingzu, secretary of the regional party committee and first secretary of the party committee of the Inner Mongolia military district, made an important speech at the opening ceremony of the congress.

At the three-day congress, the delegates participating in the congress conscientiously heard, examined, and discussed the work report of the fourth party committee of the regional military district; heard the work report of the discipline inspection commission of the party committee of the regional military district; and unanimously approved the resolutions on the work reports of the fourth party committee and the discipline inspection committee. According to the electoral law of the fifth

party congress, the congress elected the fifth party committee and the discipline inspection committee under the regional military district. Zhang Zhen, Peng Cuifeng, Baya Ertu, Feng Yuqiang, (Bao Zonglu), Guan Shuren, (Zhang Ben), Zhaorigetu, (Shi Lianxiang), Li Maolin, and (Song Fuyu) were elected as standing committee members of the fifth party committee of the regional military district. Zhang Zhen was elected as secretary of the party committee; and Peng Cuifeng, deputy secretary of the party committee.

In his speech, Liu Mingzu fully affirmed the regional military district's work achievements and also set forth six opinions on the fulfillment of the future tasks.

He pointed out: Located in the northern frontier of the country, the regional military district occupies an extremely important strategic position. We must clearly understand the important responsibility that we take on, do a good job in building the army and the militia and reserve service forces, and make greater contributions to safeguarding the border areas' peace, stability, and economic development, the unity of various nationalities, and the reunification of the nation. We should build the party organizations at various levels into forceful leading cores. According to the decision of the fourth plenary session of the 14th party Central Committee and the Central Military Commission's decision on implementing the guidelines of the fourth plenary session of the 14th party Central Committee and further strengthening the party building of the army, we should vigorously strengthen the party's ideological and organizational construction and the improvement of the party work style, bring into full play the party committees' role as the leading core and the party branches' role as a fighting force, and realistically ensure a smooth enforcement of the government decrees and the army orders. According to the important instructions of Comrade Jiang Zemin, chairman of the Central Military Commission, we should persistently arm the heads of the cadres and fighters with Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics and strengthen the ideological and political construction of the army. We should continuously strengthen and ceaselessly develop the unity between the army and the government, and between the army and the people, and among various nationalities in the new situation so as to lay a firm foundation for reform, opening up, and modernization. We should positively support the local economic construction; bravely undertake urgent, difficult, dangerous, and heavy tasks; and strive to make more contributions to realizing the region's second strategic goal. It is necessary to realistically improve the style of leadership. The leaders at various levels should proceed from actual conditions, pay attention to going deep to the grass roots to conduct investigations and study, firmly attend to the fulfillment of work tasks, and make new achievements individually at their work posts.

Comrade Peng Cuifeng pointed out at the opening ceremony: We should persist in the party's absolute

leadership over the army; constantly maintain the accurate orientation of the building of the army and the militia; accelerate the pace of making the army become more revolutionary, modern, and regular; satisfactorily accomplish various tasks for building the border areas for the country; and make the party and the people feel relieved.

In his work report, Comrade Zhang Zhen comprehensively and objectively review and summed up thirth party committee's major achievements in seven spheres and four basic experiences, such as grasping the ideological and political construction and the army's training and management. The report stressed the major tasks that the region should emphatically accomplish in the next few years.

First, we should wage an arduous struggle, do pioneering work, keep forging ahead, and make new steps for the overall construction of the region's army and reserve forces.

Second, we should exert great efforts to strengthen the construction of the party organizations at various levels and guide the army to fruitfully accomplish various tasks for building the border areas for the country.

He urged all communist party members and the broad masses of officers and men to fully understand the great historical missions that they take on; energetically and positively engage themselves in the construction of the army and the reserve forces with a completely new attitude and high morale; and make greater contributions to building Inner Mongolia into a united, advanced, wealthy, and civilized region.

Comrade (Zhang Ben) summed up the district's previous discipline inspection work and also set forth opinions on the work in the next five years.

Comrade Ting Mao who has been working in the district for several years attended the congress from beginning to end.

Inner Mongolia Holds CPC Session To Elect Leaders

SK1301034995 Hohhot NEIMENGGU RIBAO in Chinese 25 Dec 94 p 1

[Report by Chen Li (7115 0500): "Sixth Inner Mongolia Autonomous Regional CPC Committee Holds First Plenary Session To Elect New Leading Organ of the Autonomous Regional Party Committee"]

[FBIS Translated Text] The sixth Inner Mongolia Autonomous Regional CPC Committee held its first plenary session on 24 December.

Comrade Liu Mingzu chaired the morning meeting. In attendance were 50 members and nine alternate members of the autonomous regional party committee. The meeting elected the standing committee members of the sixth autonomous regional party committee, as well as

the secretary and deputy secretaries through secret ballots. It also approved the report on the results of the election of the first plenary session of the autonomous regional discipline inspection commission.

Comrade Wu Liji chaired the afternoon meeting, and Comrade Liu Mingzu gave an important speech.

The results of the election were as follows:

Standing committee members of the autonomous regional party committee are Liu Mingzu, Wu Liji (Mongolian nationality), Bai Enpei, Wang Zhan, Wuyunqimuge (female, Mongolian nationality), Yun Bulong (Mongolian nationality), Feng Qin [7458 4440], Peng Cuifeng [1756 5050 1496], Han Maohua [7281 5399 5478], Bai Yin [4101 7299] (Mongolian nationality), Wan Jisheng [8001 4949 3932], Zhou Dehai [0719 1795 3189], and You Ren [14290088] (Mongolian nationality).

The secretary of the autonomous regional party committee is Liu Mingzu.

Deputy secretaries of the autonomous regional party committee are Wu Liji (Mongolian nationality), Bai Enpei, Wang Zhan, Wuyunqimuge (female, Mongolian nationality), and Yun Bulong (Mongolian nationality).

Inner Mongolia Discipline Commission Elects Leaders

SK1301041195 Hohhot NEIMENGGU RIBAO in Chinese 25 Dec 94 p 1

[FBIS Translated Text] The Inner Mongolia Autonomous Regional CPC Discipline Inspection Commission held its first plenary session in Hohhot on 24 December.

Comrade Yun Bulong chaired and addressed the session. Through secret ballots, the 31 members of the Inner Mongolia Autonomous Regional CPC Discipline Inspection Commission elected the standing committee members, secretary, and deputy secretaries of the autonomous regional discipline inspection commission, and the name list was approved by the first plenary session of the sixth autonomous regional party committee. The name list is as follows:

Standing Committee members of the autonomous regional discipline inspection commission:

Yun Bulong (Mongolian nationality), Han Wengui (Mongolian nationality), Wang Shangluo [3769 1424 5012], Sun Xianqian [1327 7359 6197], Hou Qin [0186 2953], Zhong Yutang [6988 3768 1016], Li Jiuxiang [2621 0036 4382], Wang Bin [3769 2430], and Nuo Ren [1226 0088] (female, Mongolian nationality).

The secretary of the autonomous regional discipline inspection commission:

Yun Bulong (Mongolian nationality).

Deputy secretaries of the autonomous regional discipline inspection commission:

Han Wengui (Mongolian nationality), Wang Shangluo, and Sun Xianqian.

Inner Mongolia's Industrial Output Rises Steadily

SK1801011695 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 16 Jan 95

[FBIS Translated Text] In 1994, our region continued to maintain a stable and rapid increase in industrial production. The annual output value of the industrial enterprises at or above the township level increased by 12.1 percent over 1993. The region had five special features for the increase in industrial production in 1994: First, the output increase reached the required target. The output value of the industrial enterprises at or above the township level reached 38.47 billion yuan, 3.23 percentage point faster than the growth rate of 1993. Second, the light industrial growth rate was accelerated. The annual light industrial growth rate reached 14.13 percent, 11.21 percentage point faster than that of 1993. Third, the differences in various localities' development were reduced step by step. As of the end of 1994, the majority of leagues and cities registered positive increases. Of them, Bayannur League, Hohhot city, Ih Ju League, Baotou city, and Ulanqab League registered double-digit increases. Fourth, output and marketing was coordinated in a normal way. The sales output value realized by the industrial enterprises at or above the township level across the region reached 35.76 billion yuan, an increase of 9.18 percent over 1993; and the marketing rate of industrial products was 93.93 percent. Fifth, the overall economic results rose. In the first 11 months of 1994, the added value realized by more than 7,000 independent accounting industrial enterprises in the region reached 74.763 billion yuan, an increase of 15.52 percent over the same period of last year. The index of the overall economic results realized by the industrial enterprises reached 80.11, attaining the target formulated at the beginning of the year. The profits and taxes realized by the industrial enterprises reached 5.128 billion yuan, an increase of 8.11 percent over the same period of last year. The value added taxes, consumption taxes, and natural resource taxes handed over to the financial department by the region's industrial enterprises during the year totaled 3.364 billion yuan, an increase of 7.89 percent over 1993.

Tianjin Holds Educational Work Conference

SK1301144395 Tianjin TIANJIN RIBAO in Chinese 27 Dec 94 p 1

[FBIS Translated Text] The municipal educational work conference was ceremoniously held at Tianjin auditorium on the morning of 26 December. The purpose of this conference was to deeply implement the guidelines of the national educational work conference and to study and devise plans for next year's municipal educational

work, and for accelerating Tianjin's educational reform and development and promoting educational work to a new stage.

Gao Dezhan, secretary of the municipal party committee, and Zhang Lichang, deputy secretary of the municipal party committee and mayor, respectively addressed the conference.

Li Jianguo, deputy secretary of the municipal party committee, presided over the conference. Li Shenglin, deputy secretary of the municipal party committee and executive vice mayor, and municipal leading comrades, including Wang Hongjiang, Qian Qiao, Zhuang Gongping, Chen Shuxun, and Zhang Guanwen, attended the conference.

Four documents of the municipal party committee and government were promulgated at the conference, including the "implementation opinions on further strengthening and improving moral education in schools," "opinions on consolidating the achievements in popularizing nine-year compulsory education and on further raising the teaching level and educational quality," "some regulations on raising educational funds through various channels in Tianjin," and the "provisional regulations on solving the housing problems of teachers."

After fully affirming the municipal achievements in educational work, Gao Dezhan pointed out: It is necessary to deepen ideology and understanding, bear the overall situation in mind, keep the eyes on long-term plans, and promote our municipal educational work to a new stage. He said: To grasp educational development, we must first attend to enhancing understanding. We should realistically understand the special importance of accelerating educational development and invigoration, realizing the objective of "invigorating the municipality, making the people wealthy, and becoming well-off," and creating further brilliant success in Tianjin. To invigorate Tianjin, we must first invigorate education. Education has a direct bearing on Tianjin's economic quality, investment environment, and development momentum. The degree of educational development determines the degree of economic development. Grasping education means grasping Tianjin's overall economic development situation and Tianjin's future and hopes. Education is an important component of the socialist spiritual construction. One of the fundamental measures for enhancing Tianjin's entire civilization level and promoting comprehensive social progress is to develop education.

Gao Dezhan said: Next year Tianjin's educational work tasks will be very arduous. We should carry out package reform with breakthroughs in key areas and further enhance our municipality's entire educational level. First, we should deepen educational reform and unceasingly raise the educational quality and teaching efficiency. We should actively promote reform of the system of running schools, fully mobilize and give full play to the enthusiasm of all social sectors in running schools,

and enhance the vitality of running schools; strengthen reform of the internal management system of schools and reform of the teaching sphere, gradually establish and improve the mechanisms of competition, incentive, and restraint and mobilize the enthusiasm of the broad masses of teaching staffs to the greatest extent; further readjust the structure and layout of schools, and under the premise of stressing the quality and efficiency, make the best possible use of teachers, school buildings, and facilities, achieve an optimum distribution of educational resources, and cultivate more and better trained personnel with the limited amount of financial and material resources. Second, we should strengthen and improve moral education and strengthen the specification and the actual results of moral educational work. During General Secretary Jiang Zemin's recent inspection tour to Tianjin, he pointed out: Young students are in the stage of forming a world outlook and an outlook on life. It is necessary to conduct education on patriotism and the correct education on a world outlook and the life outlook among them. We should profoundly understand and conscientiously implement General Secretary Jiang's important directives and realistically attend to the moral education of schools. Conscientious efforts should be made to implement the "opinions of the CPC Central Committee on further strengthening and improving the moral educational work of schools," and the "implementation outlines of patriotic education," and comprehensively carry out all tasks. Third, we should continue to extensively and solidly conduct study and training activities in the whole society, and actively raise the quality of all the people across the municipality.

Fourth, we should give play to the advantages of higher education and make great contributions to Tianjin's development. All institutions of higher learning should persist in serving economic construction; should do a good job in integrating education with the economy; and should actively study, develop, and popularize scientific findings. Enterprises across the municipality, particularly state-owned large and medium enterprises, should actively and voluntarily cooperate with institutions of higher learning; carry on the scientific research achievements; rapidly translate the scientific achievements into real productive forces; and enhance the development momentum of enterprises.

Gao Dezhan stressed: We should strengthen leadership, firmly grasp the implementation work, and do more practical work for schools and teachers. Party committees and governments at all levels should attach prime importance to developing educational work, realistically strengthen leadership over educational work, grasp education as they did in economic work, and guarantee the implementation of various educational tasks in places where needed. Party committees and governments at all levels should place the development of education high on the agenda; should strengthen party building and provide a reliable guarantee for educational reform and development; and should continue to mobilize the entire

society to care for and support education as well as contribute to invigorating education.

Zhang Lichang gave a speech in which he said: Building a modern, international, major city requires modernized education. Tianjin's present stage of development needs the priority development of educational undertakings and a great number of high quality trained personnel of various descriptions at all levels as compared with any period or time in the past. We should try by all possible means to implement the strategy of giving priority to educational development in places where it is needed, and should enable Tianjin's educational undertakings to experience new change every year as well as a major change every five years. The fundamental way to realize the strategic objective of our municipality's educational development and tasks for the 1990's is to unceasingly deepen educational reform, establish new systems that comply with the socialist market economy, and form operational mechanisms that are advantageous to raising the quality of all the people and to rapidly producing more well-trained personnel.

Zhang Lichang stressed: We should adopt practical and effective measures to push Tianjin's educational work to a new stage. To implement the "outlines," we must pay attention to practical work. The key to pushing Tianjin's education forward is to adopt effective and feasible measures, and to solve major problems that restrict educational reform and development. From the beginning of next year to the end of this century, we should concentrate our energy on particularly grasping the following several aspects of work. First, we should increase educational input and raise educational funds through various channels. While arranging financial budgets, governments at all levels should give priority to guaranteeing the needs of education and simultaneously raise funds for developing education through various channels and from various aspects, as well as expand strength in raising funds. Second, we should concentrate efforts on building a great number of high-level key schools, key specialties, and key branches of learning; on the basis of the present situation, we should continue to grasp the building of key institutions of higher learning, key subjects, key laboratories, and key curriculums, and should enter the rank of the domestic advanced schools of the same categories as regards teaching facilities, experimental equipment, teaching quality, scale of operation, and efficiency. Through grasping priorities to bring along ordinary ones, we should promote all levels and all kinds of schools across the municipality to enhance educational quality and the efficiency of operating schools, and should promote weak schools to rapidly change backward outlooks. Third, we should adopt effective measures to raise the quality of ranks of teachers and teaching levels. Fourth, we should actively conduct activities on making the social sectors support educational work. All social sectors and the people across the municipality should care for the children and cherish the next generation; they should further enhance the ideology of education, regard caring for and supporting

education as their bounden duties, and adopt various forms to conduct activities on supporting education in places where needed. Fifth, we should strive to expand the degree of opening up in education. Sixth, we should exert strenuous efforts to solve the housing problems of teachers. The municipal party committee and government have decided to make the utmost efforts to accelerate the pace of solving the housing problems of teachers. From the beginning of next year to 1997, as part of the first step, we will complete the building of 780,000 square meters of district and county school buildings as well as 90,000 square meters of houses for the municipal institutions of higher learning, and will place emphasis in solving the problems of teachers without housing as well as difficult households with an average per capita living space of less than 4 square meters. In the second step, we will make the average per capita living space of teachers across the municipality total more than 8 square meters by the end of this century, and will realize the objective of making the increase in the average per capita living space of teachers across the municipality higher than the municipal average increase.

Responsible comrades of various departments, committees, offices, districts, counties, and bureaus in charge of education, and responsible comrades of colleges and universities and of all district and county educational bureaus—a total of more than 1,000 people—attended the conference.

Tianjin Executes Robbery, Rape Convicts

SK1301060395 *Tianjin TIANJIN RIBAO in Chinese* 29 Dec 94 p 5

[FBIS Translated Text] The municipal intermediate people's court held an open trial on 28 December to sentence four convicts to death in line with the law—including Feng Jie, Feng Qiang, and Liu Zhizhong, the most heinous criminals of robbery; and Wang Shuijiang, who committed the crimes of intentional murder and rape of a young girl—and to deprive them of political rights for life. According to the order issued by the municipal higher people's court with regard to executing the death-penalty convicts, the four criminals were escorted to the execution group and executed by shooting.

Feng Jie, 30, was a robbery convict and a laid-off worker of No. 7 municipal transport plant. He was sentenced to three years of imprisonment on charge of robbery in November 1987. Feng Qiang, 23, was also a robbery convict and an unemployed worker of Hexi district in the municipality. Liu Zhizhong, 26, was also a robbery convict and a former worker of No. 1 municipal knitwear mill. He was sentenced to one year imprisonment on charge of robbery in 1986. A certain person called Lin, who is the owner of the household-run enterprise in Wenzhou city, came to Tianjin in March 1994 and made a deal on clothing materials with Feng Jie at the municipality-run Changlong textile products store franchised

by Feng. As he knew Lin would bring a large amount of cash to buy the piece goods, Feng Jie first initiated and schemed the robbery plan with Feng Qiang, Liu Zhizhong, and Li Hai on several occasions. Li Hai was a self-employed taxi driver (having been sentenced to life imprisonment). They went to the Tianjin airport on many occasions in an attempt to rob Lin. They also failed to rob him at the hotel where Lin was staying. When he received a message on 2 April that Lin and Jin would bring money to pick up their goods at the store next day, Feng Jie immediately organized and schemed the robbery by commanding the three persons—Feng Qiang, Liu Zhizhong, and Li Hai. The car driven by Li Hai, which carried Feng Qiang and Liu Zhizhong who brought lethal weapons with them, closely tailed behind Lin and Jin on the morning of 3 April. When the car arrived at the intersection of Gansu and Baotou streets in Heping district at 0700 that morning, Feng and Liu jumped out of the car. Liu attacked the Jin's head with a knife and snatched the brief case with a cipher lock from Jin, in which there were 233,000 yuan cash, and ran away by getting in the car driven by Li Hai. After fiercely hitting the head of Lin with a wood club, Feng Qiang also ran away from the scene.

Wang Shujiang, 24, a convict for raping a young girl, was a temporary worker of the Taili Tourist Article Company of the municipality. At about 2000 on 19 September, Wang Shujiang saw a certain girl called Gao, 8, play near his house and brought her to the house using a deceitful trick. He then raped her after making her unconscious by forcefully covering her nose and mouth. For fear of the exposure of his crimes, Convict Wang choked her to death and threw the dead body on the roadbed near the Jinzhonghe railway bridge in Hepei district of the municipality.

Northeast Region

Heilongjiang Governor on Financial, Tax Affairs

SK1501031495 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 14 Jan 95

[FBIS Translated Text] At the provincial conference on financial and tax affairs and management of state-owned property, which was held on 14 January, Acting Governor Tian Fengshan stressed that this year, the province as a whole should vigorously support state-owned industrial enterprises to increase economic results; accelerate the development of high-yield, high-efficient, and good-quality agriculture; vigorously support the pioneering of the second battlefield; and make contributions to promoting a sustained, fast, and sound development of the economy and safeguarding social stability.

After fully affirming the province's financial and tax work and state property management work done in the previous year, Acting Governor Tian Fengshan pointed out: The years from 1995 to 2000 is a key period for our province's reform, opening up, economic construction,

and social development. Thus, the financial and tax departments at various levels across the province must further emancipate the mind, change their ideas, ceaselessly deepen reform, gradually set up a financial and tax management system and a financial and tax operational mechanism suitable to the development of the socialist market economy. From now on, the governments at various levels must not work out new tax reduction and exemption policies out of tax laws, timely prevent the wanton enforcement of the current tax system and the restoration of the old system, and gradually legalize and standardize the financial and tax work.

Tian Fengshan stressed that the financial and tax departments should make efforts to create conditions for and support the economic construction; and give priorities to the development of agriculture and state-owned large and medium-sized enterprises, the pioneering of the second battlefield, and control over inflation.

He said: Our province has reaped bumper agricultural harvests for several consecutive years. The agricultural situation has been very good. The governments and financial departments at various levels should continuously give first priority and attach importance to agriculture when arranging economic work and financial input and realistically take on the main responsibility for stabilizing and developing agriculture.

Tian Fengshan pointed out: Controlling goods prices and inflation is the province's primary task for macroeconomic regulation and control. The financial departments should set up funds to take risks for the output of grain and foodstuffs.

In regard to the issue of vigorously supporting state-owned enterprises to increase economic results, Tian Fengshan said: More than 70 percent of the province's revenues are from state-owned enterprises. These enterprises are the province's main financial sources. The year 1995 is the first year to win the nationwide battle for tackling the key problems of state-owned large and medium-sized enterprises. Therefore, financial departments should conscientiously help enterprises change their mechanisms, work out and set up financial policies suitable to the modern enterprise system, and enthusiastically support enterprises' reorganization and transformation.

Tian Fengshan also urged that the financial departments should set up a policy-oriented system to support the pioneering of the second economic development battlefield, further relax the restrictions of financial and tax policies, and create a relaxed environment for economic development.

Heilongjiang Meeting of Chief Procurators Ends

SK1601063095 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 15 Jan 95

[FBIS Translated Text] In his speech at the provincial meeting of prefectural, city, and town chief procurators

that ended on 15 January. Ma Guoliang, deputy secretary of the provincial party committee and secretary of the political and legal committee of the provincial party committee, urged that the procuratorial organs across the province should expand the dynamics of serving the overall work situation of the province.

Ma Guoliang pointed out: The procuratorial organs across the province should creatively carry out the procuratorial work; resolutely deal blows to various criminal activities sabotaging reform and opening up; prominently investigate and handle major and appalling cases, particularly the criminal cases relating to leading organs and leading cadres; thoroughly investigate cases no matter who is involved in and no matter how big the obstacles; suit the requirements for setting up the socialist market economic system; pay attention to turning the spearhead of the attack to various criminal offenders seriously sabotaging reform and the market economic order; and particularly deal stern blows to the criminal activities of taking advantage of reform to seek private gains, obstructing the development of new economic growth points, and creating great losses of state property. We should continue to persist in the principle of sternly and rapidly dealing blows to criminal activities; strictly deal blows to various criminal activities of seriously sabotaging society and the people's lives and property; emphatically deal blows to such cruel and fierce criminals as murderers, robbers, and rapists as well as the gangs of criminals with the nature of underground society; and ensure a sound and orderly development of our province's economic construction.

Ma Guoliang stressed: The procuratorial organs across the province should shift the focal point of the work on continuously serving state-owned enterprises and vigorously support and protect new economic growth points. We should adopt legal means to create an equal competition environment, accurately distinguish right from wrong, persist in the principle of being resolute first and prudent second and being sure to be accurate, and protect the legal rights and interests of investors and brave reformers according to laws.

Ma Guoliang also pointed out: The procuratorial organs at various levels should bring into full play their legal supervisory functions entrusted by laws; emphatically investigate and handle the prominent problems of not strictly and fairly enforcing laws, violating laws in the course of enforcing laws, practicing favoritism, and engaging in malpractice; strictly investigate and handle the criminal cases relating to judicial, procuratorial, and court work personnel; conscientiously correct the law-breaking phenomena; and rely on legal systems to safeguard the implementation of the major policy decisions of the central authorities and various reform measures of the provincial party committee.

Xie Yong, vice chairman of the standing committee of the provincial people's congress, attended the meeting.

Heilongjiang Holds Meeting on Financial Management

SK1301051295 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 12 Jan 95

[FBIS Translated Text] It was stressed at the provincial financial work conference that opened on 12 January that the financial work of the province as a whole this year is to vigorously support the opening of the second battlefield of economic development, to support the state-owned industrial enterprises to increase their economic results, to enhance management over financial spending, and to reinforce, in a timely manner, the capability of conducting macro financial readjustment.

It was pointed out at the financial work conference that as 1995 is the last year for implementing the Eighth Five-Year Plan, it is an important year of laying a foundation for the Ninth Five-Year Plan at the juncture between the new and old centuries, and also is a crucial year for fulfilling the strategic target of quadrupling the 1980's GNP and of heading towards becoming better-off. Financial departments at all levels across the province should overcome their difficulties, adopt all possible ways and means to successfully conduct their work, strive to show a larger-scale increase in financial revenue and spending this year, and ensure an 8.5 percent increase in revenue.

The work conference urged financial departments at all levels across the province to further support the development of beneficial agriculture with high results and yield, as well as fine quality, to continuously perfect the establishment of socialized service systems, and to actively direct various social circles to increase their investments in agriculture so as to reinforce the reserve strength of agriculture. It also urged them to further encourage the state-owned enterprises to increase their economic results and to adopt all possible ways and means to eliminate their difficulties. Financial departments at all levels and departments in charge of management over the state assets should actively join in the reform conducted for establishing modern enterprise systems, formulate financial policies suitable to modern enterprise systems from the angle of macro readjustment, and encourage enterprises to shift their business mechanism and to enter markets with a rapid pace. They should further support large and medium-sized enterprises to shift their business mechanism, develop the tertiary industry, further expedite the acceleration of opening the second battlefield of economic development, and adopt exceptional measures to foster new growing points of finance. The province should strive to show a 15 percent increase in the working fund used for supporting township enterprises in 1995. Various cities and counties may use one percent of their financial revenues for supporting township enterprises. These departments should vigorously organize financial revenues, further foster the thinking of tightening the belt, optimize the structure of financial spending, and bring

under strict control the public spending and the institutional purchasing power. They should also expedite the reform in the financial management among establishments and units, further deepen the reform in financial and tax affairs, actively coordinate and join in the associated reforms in various fields, further do a good job in managing the state assets, ensure the value preservation of the state assets, further strengthen the financial supervision, and uphold the principle of running the financial affairs in line with the law.

Liaoning's 1995 Economic Development Targets

SK1301014595 Shenyang LIAONING RIBAO in
Chinese 27 Dec 94 p 1

[By reporter Zhang Wei (1728 5633) and Tian Jizhong (3944 4949 1813): "Liaoning Defines 1995 Economic Development Targets"]

[FBIS Translated Text] To promote sustained, fast, and sound economic development, the provincial party committee and government discussed and studied the ideas for economic development and the major fighting goals from now to the end of this century in line with the formulation of the Ninth Five-Year Plan, made preliminary arrangements for the 1995 economic work, and also defined the 1995 provincial macroeconomic development targets.

The GNP should increase 10 percent in 1995. Of this, primary industry should increase 5 percent; secondary industry, 10 percent; and tertiary industry, 11 percent. Regarding the scale of investments in society's fixed assets, the investment rate should be controlled at around 35 percent. If factors for goods prices are deducted, investment should increase 11 percent. The total volume of retail sales of commodities is expected to be 99 billion yuan, an increase of about 20 percent over 1994. In regard to price hikes, the 1995 index for retail prices of commodities should be noticeably reduced from this year and strive to be lower than the nation's average. The import and export value of the foreign economic and trade department is preliminarily set at \$1.01 billion, including \$3.1 billion in import value and \$7 billion in export value. Of this, exports of local products should reach \$5.5 billion, an increase of 10 percent over 1994. Some \$2.2 billion in foreign capital is expected to be used during the year, an increase of 10 percent over 1994. Following the steady reform of the financial and tax system in 1994, the province will see the standardization of the financial and tax system next year, and revenues are expected to increase 10 percent. According to preliminary forecasts for next year's national economy, the province is expected to see an increase of loans to about 30 billion yuan, and control of money in circulation at about 17 billion yuan. In regards to the industrial front's economic results, the output and marketing rate of the independent accounting industrial enterprises should strive to surpass 94 percent, the industrial capital profit and tax rate should reach 10

percent, the added value of industrial products should reach 32 percent, and the average capital turnover rate should reach 1.35 times, all showing increases over 1994. The excessive rapid population growth rate should be controlled. Next year, the permanent population should be controlled within 41.07 million, attaining the requirement set forth in the Eighth Five-Year Plan; and the birth rate and the natural population growth rate should respectively be controlled within 13.1 per thousand and 7.1 per thousand. The per capita spendable incomes of the urbanites is expected to be 2 923 yuan; and that of the peasants, 1,550 yuan.

Liaoning Secretary on 1995 Economic Work

SK1301010595 Shenyang LIAONING RIBAO in
Chinese 29 Dec 94 p 1

[By reporters Zhang Wei (1728 5633) and Tian Jizhong (3944 4949 1813): "Liaoning's Economic Work Conference Ends"]

[FBIS Translated Text] The provincial economic work conference ended in Shenyang on 28 December.

Present at the closing ceremony were Provincial Leaders Gu Jinchi, Quan Shuren, Wen Shizhen, Sun Qi, Wang Huaiyuan, Shang Wen, Wang Chonglu, Li Guozhong, Xu Wencai, Yu Junbo, Xiao Zuofu, Liu Zhenhua, Cong Zhenglong, Guo Tingbiao, Gao Guozhu, and Zhang Rongming. Gu Jinchi, secretary of the provincial party committee, made a report entitled "Clearly Understand the Situation, Enhance Confidence, Firmly Attend to the Fulfillment of the Economic Tasks, and Make Efforts to Achieve the 1995 Economic Work." Acting Governor Wen Shizhen set forth specific requirements for how to attend to the implementation of the guidelines of this conference.

Gu Jinchi said in his speech: The provincial economic work conference is an extremely important meeting, is convened at the crucial time for economic development, and is of extremely important significance. He urged that all localities should conscientiously implement the guidelines of the central and provincial economic work conferences and achieve their work in a down-to-earth manner.

Gu Jinchi pointed out: Comprehensively and scientifically analyzing the economic development trend, clearly understanding the situation and the environment ahead of us, and making accurate judgments and choices is the key to achieving the 1995 economic work. We should accurately estimate the main trend of economic development and seek identical views. Viewing the statistical figures, we know that our province has maintained fast and sound economic development trend and simultaneously faces great difficulties. We should further foster the thinking that development is an unchanged principle and should firmly enhance the confidence in accelerating the pace of development. We should see both favorable and unfavorable factors and bring the favorable factors

into full play in an effort to promote development. So far, we have a rather unified and definite idea for development and new experiences in promoting development. All this will lay a good ideological foundation for enlivening our thinking and accelerating the pace of development.

Gu Jinchi said: The year 1995 is the last year to implement the Eighth Five-Year Plan as well as the key year to make necessary preparations for entering the Ninth Five-Year Plan. To comprehensively fulfill the 1995 economic task, we must accurately handle and grasp the major contradictions affecting current economic development; handle the relationship between comprehensive invigoration and key breakthroughs well; pioneer ways to develop the strengthening of advantages; accurately handle the relationship between speed and efficiency; change the forms for economic growth; accurately handle the relationship between various regions, between urban and rural areas, and between various trades; strengthen economic cooperation; intensify the cooperation between advantageous spheres; accurately handle the relationship between the current interests and the long-standing interests; strive to enhance the reserve strength for economic development; accurately handle the relationship between reform, development, and stability; and carry out reform to promote development and guarantee stability.

Gu Jinchi emphatically pointed out: This conference set forth a series of important instructions, several ideas, and some measures for the 1995 economic work. The party committees and governments at various levels should strengthen leadership, do solid work, and use all possible means to grasp the economic work.

We are generally required not only to be good at making plans but also at doing solid work. The economy is apt to develop when the ideas for economic development are turned into the practice of the masses. We must take notice of the numerous bad, long-standing tendencies and malpractices of neither paying attention to nor being good at fulfilling the economic tasks. The following are some indicators: Some indiscriminately copy the guidelines of higher levels and some fail to set forth specific measures suitable to actual local conditions. In grasping the economic work, some only mention strategic slogans but do not conscientiously grasp the concrete work related to markets, industries, and major projects. Some leading comrades in some localities only seem to outwardly seek excitement at meetings and inaugural ceremonies, achieve no real work efficiency, and lack the spirit of being steadfast in work and doing solid work. These are the important reasons for our province's slow economic development and more accumulated difficulties and contradictions. The failure to solve these problems will affect the realization of the 1995 economic work targets, the fulfillment of the 1995 tasks, and the realization of the goal to restore Liaoning's prestige. Therefore, we must solve the problems regarding these aspects, pay firm attention to the implementation of the

economic tasks, closely proceed from our province's actual conditions, continue to deeply study Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics, upgrade the quality of leading the economic work, realistically improve work style, and conscientiously solve social difficulties and hotly-debated issues in line with the 1995 economic tasks. Simultaneously, we should pay equal attention to spiritual and material civilizations, strive to create good environments for developing the regional-level economy, strengthen party building, and bring into play the important roles of party organizations at various levels and the broad masses of party members in developing the economy.

Gu Jinchi concluded: Through this conference, we have unified the thinking of the people and further defined the future course and targets for work. I hope that all localities and departments will proceed from the overall situation of doing the second pioneering work, work closely in line with the actual local conditions, realistically implement the guidelines of this conference, strive to make greater headway in the 1995 economic work, and create a new situation in rejuvenating Liaoning.

In line with the discussions made by the conference participants, Acting Governor Wen Shizhen set forth specific requirements for how to implement the guidelines of this conference, stabilize the current situation, make unified arrangements, and emphatically organize the industrial production in the first quarter of next year. He stressed: The more strained the circumstances are, the more the leaders at various levels should set an example, the more we should positively solicit opinions from various fronts, think of methods, pool the wisdom and efforts of everyone, be inspired with enthusiasm, make concerted efforts, and keep forging ahead. So long as we work together with one heart will we be able to tide over the difficulties head-on and will a new situation in economic reform and economic development emerge.

Liaoning Leader Cited on State Enterprise Reform

HK1501061195 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Jan 95 p 1

[By Song Lijun: "Liaoning Spearheads State Enterprise Reform"]

[FBIS Transcribed Text] Shenyang—The ice has finally started to melt in Liaoning Province. Frozen from four decades of rigid adherence to a planned economy, the northeastern province is now embracing a package of bold measures to nudge its 1,350 medium and large State enterprises onto the market track.

The six-year reform plan kicked-off this year calls for converting 800 State firms into Sino-foreign equity joint ventures. Other measures include importing advanced technology for large-scale renovation, closing down irreparably failing firms and establishing a social security net to deal with the fallout top officials say.

The move has national significance since Liaoning's medium and large State firms account for a hefty 10 per cent of the country's total.

Liaoning has long been China's basic industrial power base. But the nation's latest era of reform and opening has left the province behind as southern and eastern provinces march cap in hand toward modernization with foreign investment.

A recent survey by the Liaoning provincial government found that only 30 per cent of Liaoning's State enterprises are running well, about 50 per cent are barely making ends meet and the rest have no hope of survival.

Liaoning Communist Party Secretary Gu Jinchi said large State firms—with staffs in the tens of thousands, will be broken into smaller companies, meaning one large State firm can be converted into several joint ventures.

To get the invigoration program on the road, the province is sending huge investment promotion missions to Japan, Germany and the United States later this year to seek joint venture partners.

Gu said Liaoning will spend hundreds of millions of US dollars in the next six years on technology imports to breathe new life into the 50 per cent of enterprises now fighting for survival.

The province plans to convert 70 per cent of State enterprises to market-oriented operation in six years and close the rest, Gu said, adding that four from the capital city of Shenyang will be designated bankrupt this year.

Acting Governor Wen Shizhen said Liaoning will speed establishment of a social security system this year to cushion the blow from bankruptcy and employment cuts.

By the year 2000, he said, 1 million workers at State enterprises, or 20 per cent of the total, will have to be shifted to other businesses.

Wen said his government is working on unemployment, pension and medical insurance systems to guarantee the welfare of workers cut from the State enterprises. Jobs in the service sectors will be created to absorb the surplus and a registration system will be launched to offer relief funds for those unable to find work.

Liaoning Holds Judicial, Court Work Conference

SK1501043095 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 14 Jan 95

[FBIS Translated Text] The provincial judicial, procuratorial, and court work conference was held in Shenyang on 14 January. At the conference, Liu Zhenhua, standing committee member of the provincial party committee and secretary of the provincial political and legal committee, delivered a work report entitled "Clearly Know the Current Situation, Pay Persistent Attention to Two

Tasks, And Create a Comparatively Stable Social Environment for Liaoning's Reform, Opening Up, and Second Pioneering Work."

Liu Zhenhua said: In the past year, our province made noticeable achievements in the judicial, procuratorial, and court work and also preliminarily accumulated some experiences. However, we still have a long way to go in order to attain the requirements of the new situation. The trend that the number of serious and extraordinarily serious criminal cases rises by a big margin has not effectively been controlled in some localities. Seriously and extraordinarily serious disastrous accidents affecting public order take place in succession. Social evil phenomena of trafficking in and manufacturing pornographic goods, being engaged in prostitution, going whoring, and indulging in obscene services are still spreading in some localities. One of the important reasons for causing these phenomena is our failure to forcefully deal blows to these activities, to assign responsibility, and to strictly strengthen management. Some of our measures, suspended at meetings or in documents, have not really been implemented. A few cadres and policemen bend laws for their own benefits and are degenerated, and some even harbor serious criminal offenders and economic criminals, thus seriously sabotaging the prestige of laws, damaging the image of the political and legal organs, and weakening the dynamics of the judicial, procuratorial, and court work. The broad masses of the people have strong complaints about this. To this end, the party committees, governments, and political and legal departments at various levels should pay high attention to this; and realistically put the construction of the contingents of judicial, procuratorial, and court workers in a more important position.

Liu Zhenhua pointed out: The key to strengthening the construction of the contingents of judicial, procuratorial, and court workers hinges on the construction of the leading bodies of the political and legal organs. The leading bodies whose structures are not reasonable and whose performances are limited should be readjusted in a timely manner. [words indistinct]

Liu Zhenhua said: The current social order is [words indistinct]. The party committees, governments, and political and legal departments at various levels should deeply wage the struggle against corruption, expand the dynamics of dealing blows to serious criminal offenders and economic criminals, hold high the banner of resolutely wiping out various kinds of social evil phenomena, and deeply wage the special struggle for clearing up obscene [words indistinct] and investigating and stopping the activities of engaging in prostitution and going whoring. In waging this struggle, we should solve deep-layered problems and emphatically investigate and handle three kinds of persons—[words indistinct].

Liaoning Meeting on Attacking Counterfeit Commodities*SK1501063595 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 14 Jan 95*

[FBIS Translated Text] On the afternoon of 14 January, the provincial government held a telephone conference to arrange the work of dealing blows to fake commodities. Guo Tingbiao, vice governor of the provincial government, made an important speech at the conference, mobilizing the society as a whole to attack fake commodities and to ensure that the people will spend Spring Festival peacefully and cheerfully and the tasks for spring farming and preparing for ploughing and sowing will be fulfilled.

Guo Tingbiao said: Since the launching of the struggle against fake commodities, the law enforcement departments at various levels across the province have investigated and discovered fake and low-quality commodities valued at about 160 million yuan, eliminated 66.19 million yuan of fake and low-quality commodities, imposed 26.45 million yuan of fines on fake and low-quality commodity traders, damaged 1,830 centers engaged in manufacturing and marketing of fake commodities, and ferreted out 1,043 criminal groups. Two hundred and two cases were put on file by the procuratorial organs, 139 persons were examined, 11 persons were sentenced, 960 unlawfully established stands were banned, 123 shops engaged in unlawful business were sealed up, and a group of distributing areas and markets where fake commodities are arbitrarily sold were preliminarily consolidated. However, we must clearly understand that the general situation that fake and low-quality commodities disturb the market order and violate the interests of the state has not fundamentally been changed, and that unlawful and criminal activities still run rampant in some localities. At present, the unlawful activities of manufacturing and trading in fake and low-quality commodities, such as production capital goods, daily necessities, ordinary commodities, and expensive consumer goods exist in both domestic and foreign trades. Particularly, problems of fake famous-brand cigarettes, liquors, and medicines are more serious. The main reasons for our failure to resolve the problems of manufacturing and marketing fake and low-quality commodities are that some unlawful elements, attracted by staggering profits and forgetting justice, neither abide by laws nor strictly enforce laws; some are even over leniently handled; the economic penalty does not cause criminal offenders to be injured in the sinews or bones or lose their family fortune; and local protectionism seriously exists.

At the telephone conference, Yu Xiling, vice chairman of the standing committee of the provincial people's congress, urged that the people's congresses at various levels should positively work in cooperation with the governments to achieve the work of attacking fake commodities. (Li Yinpeng), vice chairman of the provincial

economic committee, made specific arrangements for dealing blows against fake commodities before and after Spring Festival.

Liaoning Organizational Work Conference Ends*SK1301011495 Shenyang LIAONING RIBAO in Chinese 23 Dec 94 p 1*

[Report by Sun Desheng (1327 1795 3932): "Raise the Building of Leading Bodies to a New Level in Line With the Demands of the Party's Basic line"]

[FBIS Translated Text] At the provincial organizational work conference that ended on the morning of 22 December, Gu Jinchu, secretary of the provincial party committee, stressed that we should act in line with the demands of the party's basic line; persist in regarding economic construction as the central task; give simultaneous attention to strengthening the building of leading bodies at all levels, to screening economic development ideas of each specific locality, department, and unit, to formulating economic development strategy that complies with the reality, and to realizing reforms, development, and stability—which is the general task of the whole party—and raise the building of leading bodies at all levels to a new height.

Gu Jinchu said: As one of China's heavy industrial bases, Liaoning has trained and cultivated a contingent of cadres who are mature in politics and rich in management experience through the practice of long-term revolution and construction; cultivated a contingent of 1.67 million scientific and technical workers of various branches of learning; and have a great number of veteran comrades who are rich in experience and are of noble character and high prestige. All these are special advantages for promoting Liaoning's reform, opening up, and economic development and are the important organizational and personnel guarantees for realizing the objective of Liaoning's "second pioneering program." Particularly, most of the current party and government leading bodies at and above the county level across the province have accumulated some experience in grass-roots and leadership work after they had assumed leading posts during the early 1980's and through more than 10 years of training in reform and opening up, and have made important contributions to Liaoning's reform, opening up, and economic construction. They are the key backbone forces for realizing the objective of the "second pioneering program." In face of the demands of building the socialist market economic system, we should also acknowledge that the quality of a considerable number of cadres cannot meet the demands of the new tasks and new situation. If this problem cannot be solved, the development of all fields of work across the province will surely be directly affected.

Gu Jinchu said: There are only five years remaining until the end of this century. The work of the next five years will determine our image as we enter the 21st century, as well as the contributions toward development of all

fields of work in China. To accomplish this glorious but arduous task, we should rely on the efforts of the existing leading cadres; and we should cultivate and select a great number of outstanding young cadres who have both ability and political integrity to further enhance the vitality of the leading bodies at all levels and to take over and continue our cause. This is really a very urgent and major task that needs further great attention from the party committees at all levels.

Gu Jinchi said: To do a good job in selecting outstanding young cadres, we must have a strategic insight. We should recognize that this is necessary, not only for improving the structure of the existing leading bodies and enhancing their vitality, but also for maintaining the continuity of the party's line and a long period of order and peace in the country. We must broaden our fields of vision. We must persist in following the mass line and rely closely on the broad masses of people. While making recommendations democratically, we should consider those who can win popular support as the targets for evaluation and boldly use those who have conditions for assuming posts. We must have courage and insight in recruiting personnel. Regarding young cadres, we should see their innate character, the main aspects of their work, and their potential and development, cultivate the concept that "making mistakes in selecting and recruiting personnel is a fault," and stifling and holding up real talents is also a fault, and be broad minded. We should learn from the revolutionaries of the older generation with Comrade Deng Xiaoping as the representative, regard the selection of young cadres as a priority and solemn political responsibility, and shoulder the heavy task of selecting qualified transcentury successors. We must have a new concept in recruiting personnel, and realistically select those cadres who know how to manage the province, cities, and counties to leading posts in line with the five criteria for party leading cadres mentioned in the decision of the fourth plenary session.

Yu Junbo, member of the standing committee of the provincial party committee and director of the organizational department, proposed specific demands on how to grasp next year's organizational work well: First, we should step up efforts to train and cultivate outstanding young cadres transcending the century who are capable of shouldering heavy tasks.

Through changing the term of office and readjustment, we should realistically select a batch of outstanding young cadres to enter the leading bodies of cities and counties and continue to select outstanding young cadres to replenish the leading bodies of party and government organs and departments in connection with organizational reform; state-owned large and medium-sized

enterprises, colleges and universities, scientific research institutes, enterprises, and establishments should do a good job in selecting young cadres, promoting the progress of making the leading bodies young, building ranks of reserve cadres, and preparing a sufficient number of candidates for the selection of young cadres into the leading bodies. Second, we should proceed from the needs of accelerating Liaoning's development, strengthen training, exercise strict management, and raise the quality of ranks of cadres. It is necessary to beef up efforts in the cadres' training and educational work, strengthen the building of democratic centralism in leading bodies, and manage the leading bodies strictly and regularly. Third, we should realistically strengthen the building of grass-roots party organizations. It is necessary to do a good job in the rural grass-roots party building with rectifying and transforming backward village party branches and the party building of township enterprises as the emphasis, and to do a good job in enterprise party building with state-owned large and medium-sized enterprises as the emphasis; attend to conducting activities on studying the "theory of building socialism with Chinese characteristics" and the party Constitution among party members; and do a good job in recruiting party members with a focus on young people, women, and workers on the forefront of production. Fourth, we should continue to deepen reform of the organizational work. Efforts should be made to grasp reform of the cadre selection and recruitment system, and promote the practice that cadres can be promoted or demoted; do a good job in managing the target and strengthen efforts to evaluate the official achievements of party and government leading cadres; attend to supervising the selection and recruitment of cadres; grasp the promotion of the state public servant system and manage the public servants by referring to this system and enable the cadre and personnel management work to gradually become scientific and institutionalized; and attend to the content of activities of the grass-roots party organizations and reform of the work methods.

On 21 December, the conference participants also held panel meetings to discuss the draft for soliciting opinions on the "opinions of the organizational department of the provincial party committee on exerting efforts to cultivate and select outstanding young cadres," and the "Ninth Five-Year plan for Liaoning Province's cadre training work."

Wang Huaiyuan, deputy secretary of the provincial party committee, presided over the conference which was held on the morning of 21 December. Provincial leaders, including Wen Shizhen, Sun Qi, Shang Wen, Wang Chonglu, Yu Junbo, Xiao Zuofu, and veteran Comrade Xu Shaofu also attended the conference.

Chilean Official on Recognition of Taiwan

OW1601053495 Beijing XINHUA Domestic Service in Chinese 0908 GMT 13 Jan 95

[By reporter Wu Huizhong (0702 1920 1813)]

[FBIS Translated Text] Santiago, 12 Jan (XINHUA)—The Chilean Foreign Ministry reiterated today that Chile only recognizes one China, the PRC. It is impossible for Chile to establish diplomatic and consular relations with Taiwan.

Raul Schmidt [name as transliterated], director of the Asian and Pacific Department of the Chilean Foreign Ministry, made the abovementioned remark while commenting on a local newspaper report that some parliamentary members urged President Frei to establish consular relations with Taiwan. He said emphatically: The communique on establishing diplomatic relations signed by Chile and China in 1970 states clearly that Chile recognizes the PRC as the only China in the world and Taiwan is merely a province of China.

Schmidt said: Although Taiwan is Chile's important trade partner in Asia, Chile only develops trade ties with Taiwan and it is impossible to develop other kinds of relations.

Securities Industry Cooperation Encouraged

OW1401121795 Beijing XINHUA in English 1150 GMT 14 Jan 95

[FBIS Transcribed Text] Beijing, Jan 14 (XINHUA)—Co-operation and exchanges between the securities industries of the mainland and Taiwan will be further strengthened in the future, said Liu Hongru, Chairman of the China Securities Regulatory Commission.

Speaking at the ongoing Second Mainland-Taiwan Symposium on the Securities and Futures Legal System here, Liu said that the exchanges and cooperation on the security market will surely be enhanced, although the cooperation has not yet taken on concrete forms at present.

Dai Li Leung, a senior professor of Taiwan's Soochow University, said that he is optimistic about the prospects for co-operation between the two sides.

He noted that since the fund flow among the mainland, Taiwan and Hong Kong has spread vastly in the past decade, it is necessary to strengthen co-ordination in money management.

Talking about the issues of mainland firms being listed on Taiwan's stock exchanges, Dai, who also held a position in Taiwan's securities regulatory office, said that it is possible if conditions permit.

"The problem is just when and how," he explained.

According to Dai, some Taiwan investors who have set up ventures on the mainland are keen to issue stocks on the mainland's stock exchanges, because they need fund to expand their businesses.

Taiwan Press Exchanges 'Increasingly Active'

OW1301124895 Beijing XINHUA Domestic Service in Chinese 0847 GMT 11 Jan 95

[By reporter Wang Chi (3769 3589)]

[FBIS Translated Text] Beijing, 11 Jan (XINHUA)—A responsible person of the Information Bureau of the State Council's Taiwan Affairs Office today said that exchanges of press between the two sides of the Strait have become increasingly active, exchanges are being conducted at a higher level, and reporters are making in-depth reports. The journalists of the two sides of the Strait have done a lot of work to enhance understanding between compatriots of the two sides and promote the development of relations between the two sides.

Zhang Mingqing, head of the Information Bureau was interviewed by reporters of both sides of the Strait today. He said: Press exchanges between the two sides of the Strait have become increasingly active. In 1994, some 100 journalists from the mainland visited Taiwan, while some 400 journalists from Taiwan visited the mainland. The level of contacts between press circles of the two sides has been raised. According to an agreement reached by the Association for Relations Across the Taiwan Straits [ARATS] and the Strait Exchange Foundation [SEF], responsible persons of principal news media of the two sides visited each other. The range and quality of news reports are developing, from reports on tourism at the initial stage to in-depth reports on special topics. For instance, reporters from the mainland went to the treasure island [bao dao 1405 1497] [refers to Taiwan] to cover news on the Kuomintang's 14th National Congress, a meeting between responsible persons of ARATS and SEF and the death of mainland fishermen at sea [refers to the mainland fishermen who died during a typhoon]. Meanwhile, the study of press theory, which is an important element of press exchanges, is also being expanded. Zhang hoped that, following the good trend of development in 1994, press exchanges will be further expanded and reports can be made in a more intensive manner. He said that joint news coverage by reporters of the two sides will be continued this year.

Zhang Mingqing said: Press exchanges should be aimed at further promoting the development of relations between the two sides of the Strait. The two sides were separated for more than 40 years, and it will take some time to understand each other. The press circles have the responsibility to promote mutual understanding. Judging from the situation of recent exchanges, the overwhelming majority of reporters have done such work, and most reports were made in the spirit of seeking truth from facts. However, we cannot but point out that,

when certain sudden incidents took place, some news media on the island did not make reports from the angle of promoting the development of relations between the two sides of the Strait. The results of such reports were not satisfactory and adversely influenced the development of relations between the two sides. Some reporters from Taiwan are not familiar with the situation on the mainland and gathered news from rumors and gossip, and some reporters from Taiwan are not quite correct in making reports on the situation of the mainland because their ideas and methods are limited by their environment.

Referring to some people's questions on news coverage that reporters from Taiwan are being limited by the mainland side "in terms of time, location, and subject matter," Zhang Mingqing said it was not true. He said: We have done a lot of work to promote press exchanges, including services for reporters from Taiwan. The time, location, and subject matter of news coverage by reporters from Taiwan have been put forward by themselves through the XINHUA Hong Kong Branch. Our assistance and liaison work are quite efficient. Some applications for news coverage were approved within one hour. Reporters from Taiwan who cover news on the mainland know this very well. On the contrary, the Taiwan side still sets many restrictions on mainland reporters' visiting Taiwan. We must continue to make efforts to enable more reporters from the mainland to cover news on the island.

Scientific and technological circles from both sides of the Strait also began long term cooperation and research in many specific scientific and technological projects. CAS' Institute of Vertebrate Paleontology and Paleanthropology carried out a three-month study of vertebrate animals' fossils found in the Penghu Sea Trench in cooperation with the Taiwan Science Museum. Researchers from the CAS' Geography Institute were invited to give lectures in Taiwan for nine months. CAS' Institute of High Energy Physics and the Institute of Theoretical Physics carried out a one-year research project with Taiwan's relevant departments on high energy experimental physics and geometric quantization. In March 1992, CAS' Nanhai Ocean Research Institute and the National Taiwan University's Ocean Research Institute conducted a scientific survey in northeast Nanhai to look into the structure of current circulation in northeast Nanhai and the effect of black tides on hydrophysics, the progress of chemical change, and sedimentation. They have scored results in the first stage research and they are carrying out the second stage joint survey.

New features characterized cross-Strait scientific and technological exchanges in 1994. They were: A joint study to promote the development of science and technology for both sides of the Strait and the integration of economy and trade; and the formation of new high technology development companies by integrating technology, industry, and trade. The Scientific and Technological Development Company, a joint venture formed

by CAS' Changchun Physics Institute and a Taiwan company, put the thin electroluminescent display device developed by the Changchun Physics Institute into production. The Beijing Three Ring Company produces neodymium materials with a Taiwan company. CAS' Shanghai Bioengineering Center and the Taiwan Biotechnical Center conducted joint research on release factors of growth hormones for hogs. This will help the growth of hogs and effectively raise the utilization of hog feeds.

A relevant person told this reporter that this year, if both sides abide by the consensus reached between the Association for Relations Across the Taiwan Strait and Taiwan's Strait Exchange Foundation of "promoting mutual benefits, cultivating mutual trust, carrying out mutually complementary cooperation, promoting two-way exchanges and consultation on an equal basis," as well as by the line of thinking on specific cooperation projects as proposed during the Tang Shubei-Jiao Renhe Taipei [Taipei] Talks, the prospects for cross-Strait scientific and technological cooperation will become even brighter.

Commentary on Cross-Strait Science Exchanges

OW1301143095 Beijing XINHUA Domestic Service in Chinese 0941 GMT 3 Jan 95

["Commentary" by reporter Zhu Zhide (2612 3112 1795): "Level of Cross-Strait Scientific and Technological Exchanges and Cooperation Keeps Expanding"]

[FBIS Translated Text] Beijing, 3 Jan (XINHUA)—The level of cross-Strait scientific and technological exchanges and cooperation saw greater expansion in 1994 with high level scientific and technological personnel from both sides of the Strait beginning to make contacts, with areas and types of exchanges expanding, with both sides carrying out specific joint research in many disciplines, and with many research results gradually becoming industrialized and commercialized.

Early last year, high-level contacts between the two sides' scientific and technological circles began when a group of steel and materials experts and scholars, led by Zhou Guangzhao, Chinese Academy of Sciences [CAS] president, attended the "1994 Cross-Strait Scientific and Technological Academic Conference" in Taiwan, and with the visit to Taiwan by a China National Electronics Import and Export Corporation delegation headed by its president, Ouyang Zhongmou. Following his return from Taiwan, Zhou Guangzhao pointed out that whereas the mainland is rich in resources, has an abundant supply of raw materials, and a vast pool of scientists and technicians, Taiwan has a solid technological foundation and is very strong in research and development. He added that enhancing and accelerating the pace of cross-Strait exchanges and cooperation in the area of science and technology would benefit economic development and science and technology for both sides.

The increasing cross-Strait scientific and technological exchanges were temporarily effected by the Taiwan authorities' call to halt the cross-Strait exchanges policy. However, as the enhancement of scientific and technological exchanges and cooperation is the common wish of the people on both sides of the Strait, the development momentum has become unstoppable. According to incomplete statistics, CAS alone dispatched a total of 100 persons to Taiwan for exchange purposes in 1994. The China Association of Science and Technology also sent eight separate delegations, totalling 73 people, to Taiwan for academic exchanges; it also received 11 different Taiwan scientific and technological delegations totaling 117 delegation members.

The fields of cross-Strait scientific and technological cooperation and exchanges include mathematics, physics, chemistry, astronomy, geography, resource environment, biology, technology science, and natural science history. Many items entered the list of exchanges for the first time.

Holding exhibitions, symposiums, and academic meetings remains the major forms of cross-Strait scientific and technological exchanges. According to the State Science and Technology Commission's record, over 10 science and technology-related exhibitions were held on both sides of the Strait in 1994. Topics that were discussed for the first time during the symposiums included space, environmental protection, file management, miniaturization and compression technology, and industrial quality and technology. In addition, many symposiums and academic conferences were held on topics ranging from insurance, steel materials, weather and climate, and urban traffic provided opportunities to scientific and technological experts and scholars from both sides of the Strait for mutual understanding, discussion, and exchanges. In order to promote cross-Strait scientific and technological development, scientific and technological circles from both sides of the Strait also decided to jointly publish a journal on mechanics.

Minister Discusses Future Cross-Strait Ties

OW1701172695 Taipei CHUNG-YANG JIH-PAO in Chinese 9 Jan 95 p 1

[Article by LIEN-HO PAO correspondent Li Chien-jung (2621 1696 2837) based on interview with Foreign Minister Chien Fu by Li; place and date not given: "Chien Fu: No Changes Expected in Mainland's Policy Toward Taiwan Before the Post-Deng Period"; following report did not appear in the 7-10 January editions of LIEN-HO PAO]

[FBIS Translated Excerpt] On 7 January, Foreign Minister Chien Fu pointed out that cross-strait interaction in the new year hinges, to a great extent, on the state of Teng Hsiao-ping's [Deng Xiaoping] health. We should be on the alert in case Teng Hsiao-ping dies; we must take precautions in case the situation on the mainland deteriorates. He predicts that the mainland's policy toward Taiwan will not change while Teng Hsiao-ping [Deng Xiaoping] is around. We believe that those who entertain the idea of moving up in the future dare not change the policy toward Taiwan.

Following Wu Po-hsiung's assumption of the post of secretary general at the presidential office, Chien Fu is now the most senior member of the cabinet. There were frequent reports last year that he intended to resign. At the year-end news conference at the Foreign Ministry, he said again that he may leave the ministry at any time. What, after all, is his thinking? Chien Fu discussed his thinking in an exclusive interview. [passage omitted]

[Li] At the current stage of cross-strait relations, development and exchanges are ongoing in all areas. Officials in charge of foreign affairs, military affairs, and mainland policy all find they have a tough job. I suppose you have some deep feelings of your own in this regard.

[Chien] Cross-strait relations are a big issue. It has been our hope that we can influence the mainland through cross-strait exchanges so that they will change their ways, so that we can participate in international affairs together, and eventually be reunified sometime in the future. The mainland, however, does not share our views. What saddened me last year was Chang Hsiao-tsu's [4545 1321 1964] illness. Chang is much respected on the mainland. Returning from a trip to the mainland in 1993, he told me the views of the mainland's high-level officials. We are still poles apart. They would not make any concessions when it comes to symbols of sovereignty. It's not that we did not take into account the mainland's feelings. When Premier Lien was in charge of the Foreign Ministry—before he moved to the provincial government—we established diplomatic ties with six countries in a short span of time, and the mainland reacted fiercely. In July 1990, Chinese Communist President Yang Shang-kun [Yang Shangkun] said in Argentina that if you take our small friends away, we'll take your big friends away. I took over the Foreign Ministry

in June, and soon afterward Saudi Arabia severed diplomatic ties with us. At that time, we suspended efforts to develop diplomatic ties. We did not want to "irritate" the mainland; if, for example, we pursued the policy of independence, the mainland would "go into a rage." We have been hoping for better cross-strait relations and that the mainland will not block us at every turn in the international arena. Even if we relax our efforts, they will not. If we step up our efforts, they will redouble theirs. Some people criticize me for trying to join the United Nations. They [PRC] would not treat us any better even if we did not try to join. During the last year, they did not spare any efforts in trying to undermine us everywhere. Their ability is also limited. The way they exerted pressure on other nations is like twisting people's arms. [passage omitted]

[Li] Premier Lien has instructed that whether the Asia-Pacific operations hub project can start to carry out off-shore transshipments depends on the goodwill of the mainland. How do you define such goodwill?

[Chien] It includes not trying to block us in the international relations arena, and a pledge not to use force against Taiwan. Such pledges should be made in a more forthright way. Meanwhile, the mainland should also democratize itself. No one will have the guts to initiate major policy changes before Teng Hsiao-ping leaves the scene. Teng Hsiao-ping is still around, but he is not that much involved in running things. As for those who may move up someday in the future, they will not dare revise the policy toward Taiwan, for they would be attacked in the post-Teng period. All this is understandable. It is premature to expect changes before the arrival of the post-Teng era. [passage omitted]

[Li] What are the prospects for foreign relations in the new year?

[Chien] We should be on the alert in case Teng Hsiao-ping leaves the scene; we must take precautions in the event that the situation across the strait deteriorates. In foreign relations, the Chinese Communists will continue doing everything they can to block us. It will not be easy to make a major breakthrough in foreign relations in the new year. [passage omitted]

Li Calls For Japan To Face Taiwan's 'Existence'

OW1801025295 Taipei CNA in English 0121 GMT 18 Jan 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Jan. 17 (CNA)—President Li Teng-hui on Tuesday [17 January] called for the Japanese Government to face squarely the fact of the Republic of China [ROC]'s existence, saying that only by having a correct perception of the ROC can Japan expect mutually beneficial interactions between the two countries.

Li made the remarks while meeting with Japanese Diet members Fukuda Yasuo and Tachibana Kotaro at the presidential office. Despite the absence of formal ties between Japan and the ROC, Li said, the people of the two countries have maintained cordial relations. Those ties, he said, are becoming increasingly close.

Fukuda Yasuo is the eldest son of Former Japanese Prime Minister Fukuda Takeo. Like his father, the younger Fukuda is a staunch supporter of Taiwan and has spared no effort in trying to increase exchanges between the two countries.

Tachibana, meanwhile, said he was impressed with the amount of progress here and the achievements made by Taiwan, saying "to see is to believe." This is Tachibana's first visit to Taiwan.

Groups To Support President's Japan Visit

OW1801102095 Taipei CNA in English 0908 GMT 18 Jan 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Jan. 18 (CNA)—A Japanese cultural exchange promotion group will band together with a Taiwan parliamentary sub-group to launch a campaign to support President Li Teng-hui's attendance at this year's APEC [Asia-Pacific Economic Cooperation] leadership meeting in Osaka, western Japan in November.

Kazuo Ozawa, president of the Tokyo-based Japan-Taiwan Friendship and Cultural Exchange Promotion Association, told a news conference here Wednesday that his organization will join with the Yushan Club formed by a group of Taiwan legislators to launch the drive in both Taiwan and Japan.

"The campaign aims to collect signatures from 100,000 Japanese people supporting Li's presence in the 1995 leadership meeting of the Asia-Pacific Economic Cooperation (APEC) forum," Ozawa explained.

In addition to soliciting signatures of Japanese tourists, students and businessmen living in Taiwan, the Japan-Taiwan Friendship Association will also launch the signature campaign in major Japanese cities.

"We are scheduled to collect 100,000 signatures by October," Ozawa said. "We'll forward the signatures to the Japanese Interchange Association on Oct. 10, the Republic of China [ROC]'s national day, and asked the association to convey the Japanese people's support for Li's visit to Japan to Tokyo authorities," he added. The interchange association was founded by Japanese authorities in 1972 to handle exchanges with Taiwan in the absence of diplomatic ties.

Meanwhile, Ozawa issued a joint statement with legislator You Huei-yin, president of the Yushan Club,

reaffirming their commitment to helping promote friendship and cultural exchanges between Taiwan and Japan.

The statement also protested repeated interference by Beijing in non-political exchanges between Taipei and Tokyo. Owing that the two countries share a long-standing friendship, the statement said Beijing authorities have no legitimate right to obstruct Taiwan-Japan commercial and cultural exchanges.

Since Taiwan is a full APEC member, the statement said [words indistinct] Li should not be shut out of the group's leadership meeting. Due to Beijing's interference, Li was unable to attend the 1993 and 1994 APEC summits.

Moreover, the statement said, annual trade between Taiwan and Japan has already broken the U.S.\$320 [words indistinct] mark and more than 700,000 visitors are made between the two sides annually. Given such close substantive exchanges, the statement said, the Japanese Government should ignore Beijing's pressure and strengthen dialogue and communications with Taiwan authorities.

Reportage on Taiwan-European Union Trade

Waste Material Trade Discussed

OW1801104495 Taipei CNA in English 0925 GMT 18 Jan 95

[By P.C. Tang and Debbie Kuo]

[FBIS Transcribed Text] Brussels, 17 Jan (CNA)—Trade officials from the European Union (EU) and the Republic of China [ROC] met here Monday [16 January] and Tuesday to exchange views on technical controls on industrial waste materials and two-way trade in recyclable waste.

This was the first time Taiwan has discussed controls on and trade in industrial waste and scrap with any foreign country, according to Tsai Lien-sheng, secretary of the Board of Foreign Trade (BOFT), who headed the ROC mission to the meetings.

During the two-day consultations, EU and ROC officials reached consensus on the possibility of forging a bilateral trade accord on exchanges of recyclable industrial waste between the two areas. A timetable for the signing of the agreement, however, was not discussed.

To better familiarize EU officials with Taiwan's policies on industrial waste controls and trade, Tsai and his party prepared a control list of inbound and outbound waste and scrap from Taiwan, expecting better understanding from the European countries.

In return, EU negotiators suggested that Taiwan alter its control list of industrial waste and scrap to make it comply with the EU list to smooth two-way trade in the products.

The timetable for the signing of the agreement and details pertaining to industrial waste control regimes from the two sides will be further discussed in March when a Taiwan-EU trade consultation conference opens in Taipei, Tsai added.

According to BOFT tallies, Taiwan imported some U.S.\$266.98 million worth of industrial waste and scrap from the EU in 1993, with single scrap metals, waste and scrap of paper products, cobalt mattes and powder, [words indistinct], hard rubber and fish meal the major [words indistinct].

In comparison, Taiwan delivered U.S.\$16.54 million worth of industrial waste to the EU in the same year, with mixed metal [word indistinct] scrap, metallic compounds, hard rubber and paper products the dominant items.

BOFT Urges EU Market Penetration

OW1801113095 Taipei CNA in English 0946 GMT 18 Jan 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Jan. 18 (CNA)—Domestic manufacturers should work out effective ways to penetrate the European Union (EU) market in a bid to control Taiwan's increasing trade deficit with that region, the Board of Foreign Trade [BOFT] said Wednesday.

Board officials pointed out that the measures could include strengthening of research and development, increased turnout of capital-intensive and high value-added products, and further expansion of marketing and [word indistinct] services.

The officials [words indistinct] called on domestic enterprises to intensify the study and information collection of EU laws in a bid to update themselves with the latest market trends and to avoid dumping charges by their European counterparts.

Cooperation on customs affairs, product inspection and certification, as well as information exchanges, will also enhance bilateral trade and investment ties, they noted.

In addition, they said, domestic companies should consider organizing more fact-finding missions to EU countries in order to explore trade and investment opportunities.

The officials made the remarks while [word indistinct] the international trade trends for 1994, which show that two-way trade between Taiwan and the 12 EU countries totaled U.S.\$23.1 billion, accounting for 12.9 percent of Taiwan's total foreign trade.

The 1994 trade volume between the two sides marked a 7.8 percent increase from 1993, but Taiwan suffered an imbalance of U.S.\$620 million, they pointed out.

The trade deficit represented a jump of about 180 percent from 1993, which saw a balance of U.S.\$1 billion in favor of Taiwan, they elaborated.

The growing degree of the EU's economic integration, which strengthened inter-region trade and therefore formed a structural trade barrier for Taiwan goods, was mainly to blame for the trade setback, they said. They also alerted domestic manufacturers to new trade trends in Europe this year, as Austria, Sweden and Finland joined the EU on Jan. 1.

The inclusion of the three countries expands the EU territory by one-third, pushes up the EU's gross domestic product by 7 percent and brings the EU population to 370 million, they added.

Hong Kong**Further on Hong Kong Civil Servant Issue****Lu Ping on Patten Refusal**

OW1701140695 Beijing XINHUA in English 1344
GMT 17 Jan 95

[FBIS Transcribed Text] Beijing, January 17 (XINHUA)—Senior Chinese official Lu Ping said here today that it will be a very serious matter if the British Hong Kong Government does not hand over all files relating to Hong Kong civil servants to the Chinese side.

If this happens it will mean that the British Hong Kong Government refuses to implement the Sino-British Joint Declaration on the Question of Hong Kong.

Lu, director of the Hong Kong and Macao Affairs Office of the State Council, made these remarks before meeting with a delegation from Hong Kong here this morning.

When asked to comment on Hong Kong Governor Chris Patten's assertion that the British Hong Kong Government will not hand over files on Hong Kong civil servants to the Chinese side, Lu said that the transfer of power in Hong Kong is a matter between the two governments of China and Britain.

According to the Sino-British Joint Declaration, it is the British Government's duty to return Hong Kong to the Chinese Government.

On this issue, he said: "We don't need to make contact with the British Hong Kong Government, whose responsibility is to earnestly implement the joint declaration.

"If it refuses to hand over any relevant files to the Chinese side, it means that it refuses to carry out the joint declaration. This would be a very grave issue, and such a refusal could not be countenanced by the Chinese side," he stressed.

More on Lu's Comments

HK1701134395 Hong Kong Television Broadcasts
Limited in English 1200 GMT 17 Jan 95

[From the "News at 8:00" program]

[FBIS Transcribed Text] The war of words has intensified over Britain's alleged refusal to pass to China information about Hong Kong civil service. Diana Yeung has the story:

[Begin recording] [Yeung] His face said it: Lu Ping is angry that Hong Kong authorities have refused to tell China all it wants to know about the civil service here.

[Lu Ping, in Mandarin with English subtitles—translated from the Mandarin] If any department, or anybody refuses to submit information, property, or files, it will be a case of refusing to implement the [Sino-British]

Joint Declaration; this will be very serious. I now give my word here: If such a thing happens, we will not be so easy on you.

[Yeung] Speaking before a meeting with a Hong Kong delegation, Lu said he had no idea what information the Hong Kong Government is holding back. But he warned Britain to have no illusions about the fact that China is taking over Hong Kong in two years, when all information on the territory will belong to Beijing.

In response, the Hong Kong Government issued a statement revealing that China and Britain did have some discussion within the Joint Liaison Group about individual civil servants. But a spokesman said it wasn't clear precisely what information China wants and why such information will be useful to them. The statement stressed personal information on civil servants was a matter of extreme sensitivity and needed to be addressed in a way which took account of their concern.

The ongoing dispute over civil service files cropped up again last week with demands for material from Preliminary Work Committee members. Two days ago, Governor Chris Patten joined the fray, asking Beijing to be specific about what information it wants and not to make any remarks that may harm civil servants' morale. Diana Yeung, TVB News. [end recording]

Patten Comments

HK1801060495 Hong Kong RTHK Radio 4 in English
0500 GMT 18 Jan 95

[From the "News at One" program]

[FBIS Transcribed Text] The Governor Chris Patten has called for the dispute over information on civil servants to be resolved calmly and not be short-tempered sound bites on television. He was responding to the angry remarks made by China's top official in charge of Hong Kong affairs, Lu Ping, who warned that failure to hand over this information would be considered refusal to enforce the Sino-British Joint Declaration. Speaking after a ceremony, Mr. Patten said it is in the interests of the people of Hong Kong to resolve the issue unemotionally.

[Begin Patten recording] I would just say that I hope people will remember that what we are talking about are the careers and livelihoods of men and women; that what we are talking about is the best way of securing the good government of Hong Kong; and I don't think this is a subject which it is sensible to discuss through short-tempered sound bites on television. I think the time has come to cool it, and to try to take forward a serious discussion in the Joint Liaison Group or in any other forum which others think may be convenient. I think we want to talk about these matters in private, and not have people making angry statements about them in public. [end recording]

Chief Secretary Responds

HK1801060095 Hong Kong SOUTH CHINA
MORNING POST in English 18 Jan 95 pp 1, 2

[By Chris Yeung and Fung Wai-kong]

[FBIS Transcribed Text] China's top official in charge of Hong Kong affairs, Lu Ping, yesterday issued a blistering warning to the Government about its refusal to hand over information on civil servants to Beijing. Mr Lu said any decision not to pass on information, government assets or files to China would be considered a refusal to enforce the Sino-British Joint Declaration. "This is very serious. Therefore, I don't want to see it happen. I'll make it clear now beforehand: if that happens we will not be polite (about taking action)," he said, but did not elaborate. The Hong Kong and Macao Affairs Office Director made his comments before meeting a delegation from the Alliance of Hong Kong and Chinese Expatriates led by Guy Lam Kwok-hung.

Mr Lu's stern warning met a cautious response from the Government. Chief Secretary Anson Chan Fang On-sang, returning from a trip to Singapore maintained the Government had "no wish to create difficulties for the nomination of principle official posts". She said the Government wanted co-operation and called for early talks with China through the Joint Liaison Group (JLG).

China has yet to detail the information it wants, but Mr Lu was quoted by Mr Lam as saying that information on whether government officials have the right of abode overseas, including British nationality, was essential for them to decide whether they were eligible for senior posts in the Special Administrative Region government.

Last night, the Beijing-funded Hong Kong China News Agency (HKCNA) [ZHONGGUO TONGXUN SHE] said the Chinese Government needed details of integrity checks to appoint qualified senior officials for Hong Kong. Mr Lu said: "I have to ask him (Governor Chris Patten) what information he does not want to give to the central Government. I don't know what it is. (What) he does not want to give, I want to have. What power does he have not to hand over the information?" He said China would not deal with the Government on this issue because it was a matter between the two sovereign powers. "The Hong Kong Government has to enforce the Joint Declaration earnestly. It cannot transfer, destroy or hide the information from us," he said.

The HKCNA said in a commentary China wanted to have detailed information, including appraisals, of senior officials. Another argument was that the Chinese side demanded that information be given to the central Government, but Mr Patten insisted that it be passed directly to the chief executive-designate, the HKCNA added. That represented Mr Patten's resistance to handing back the sovereignty of Hong Kong to China and a violation of the Joint Declaration, it claimed.

Mrs Chan emphasised that Hong Kong had never breached and did not intend to breach the Joint Declaration. "We need an early meeting at the JLG with the

Chinese, whereby both sides can discuss exactly what information we currently hold in hand, what are our current arrangements as regards confidential reports on individual civil servants, on security vetting, what information we do hold, what information we destroy," she said. Mrs Chan said that private particulars of individual officers was a matter of great sensitivity, adding that their concern should be borne in mind in any discussion with Beijing.

A government source said the Chinese side had to spell out clearly what kind of information it wanted and who would have access to the files before the Government could consider providing them. "Even if the request is made, the Government will have to consult the official before handing over his files." Moreover, many civil servants had not made up their mind whether they would stay in the service after 1997 and it would be too early for the Government to hand over their files, the source said.

A government spokesman said career files of serving civil servants would be passed to the Special Administrative Region government through the British and Chinese governments in 1997. "The files will remain in Hong Kong throughout this process," he said. He revealed there had been preliminary discussion at the JLG session held in London last month concerning information about individual civil servants, but added further clarification was needed on what China wanted.

The spokesman said the details required to establish the integrity of individuals was destroyed, with only the results kept on file. He stressed officials' nationality was not among the criteria considered when assessing a candidate's suitability for promotion and only brief biographical details of senior officials were given to Britain for their appointment with the Governor's recommendation, he said.

Governor Interviewed

HK1801063995 Hong Kong EASTERN EXPRESS in
English 18 Jan 95 p 2

[By Wing Kay Po and Rain Ren in Beijing]

[FBIS Transcribed Text] The Governor, Chris Patten, yesterday lashed out China over claims that the Government will breach the Joint Declaration if it fails to provide information about the nationality status of civil servants. Patten said it would be "an appalling breach" of the Joint Declaration if the Government were to "go around and answer to the world who had what sorts of passports".

His remarks followed threats from the highest Chinese official on Hong Kong affairs, Lu Ping, that China will "stop being polite" and refuse to deal with the Hong Kong Government if it does not provide details of officials who have obtained British passports through the British Nationality Selection Scheme.

In an exclusive interview with *Eastern Express*, the Governor said the issue was "a bit of a red herring", and the idea that the Government should pass on information about civil servants' nationality before the handover was "not on". "Just consider the practicalities," Patten said. "It has nothing to do with what happens at the transfer of sovereignty on July 1, 1997."

"The chief executive-designate, who will know what the Basic Law says and what the Joint Declaration says, will presumably interview people who he'd like to have as senior civil servants and to recommend to Beijing."

"I imagine one of the questions he or she will ask is whether they've got a foreign passport, whether they've got right of abode elsewhere and whether they're committed to staying in Hong Kong. That's what's going to happen," he said.

"But the notion that, knowing that's what will happen, we should now breach all the understandings and provide all the detailed information of the sort they'd mentioned it's not on."

Patten said there is "no question" of the Government challenging China's sovereignty over Hong Kong or the Joint Declaration. He said Government archives and files will be transferred without being removed as stipulated in the Joint Declaration. The Governor said the debate about the transfer of civil service information had become "excessively heated".

"I don't think it's an issue on which people should be losing their temper," he said. "And I think the time has come to cool it and to discuss it either in the Joint Liaison Group, or in other appropriate channels."

"It's not in the civil service interests to have regular explosions."

Lu, the Director of the State Council's Hong Kong and Macau Affairs Office, said yesterday in Beijing that the information the Chinese government wanted on senior Government officials was exactly that which Patten refused to give. He said it would be a "serious breach" of the Joint Declaration if the Government or individual departments refused to pass on the information.

"I want to make it absolutely clear beforehand that if such a thing happened, we would not be expected to behave very politely," Lu said. He said Beijing will simply stop dealing with the Hong Kong Government. "The transfer of sovereignty is a matter between Britain and China," he said. "The role of the Hong Kong Government is to implement the Joint Declaration honestly."

PRC Urged To Specify Information

HK1801060295 Hong Kong SOUTH CHINA
MORNING POST in English 18 Jan 95 p 14

[Editorial: "Aid to Understanding"]

[FBIS Transcribed Text] Much noise and heat have been generated over Lu Ping's demand for access to more information—including, presumably, personal data—on senior Hong Kong civil servants. The Government says it will work to facilitate the administration's transition to Chinese rule and denies that a refusal to divulge certain details would be a breach of the Joint Declaration. The Chief Secretary, Anson Chan Fang On-sang, has called for the matter to be discussed in the Joint Liaison Group. But, for now, the only fair and sensible approach for the Government is to keep on asking that the Director of the Hong Kong and Macao Affairs Office set out exactly and officially what it is he is looking for. Until he does, it will not be possible for the Government to even think seriously about how to comply with his demand, let alone actually meet it, or parts of it.

The Hong Kong China News Agency [ZHONGGUO TONGXUN SHE] has hinted that Mr Lu wants the information to help China appoint senior officials to the post-1997 administration and that details of integrity checks are at least part of what he requires. Further information about Mr Lu's demand comes from a message passed through a third party with no official status. Guy Lam Kwok-hung of the Alliance of Hong Kong and Chinese Expatriates says Mr Lu has told him that Beijing needs information on the nationality and right of abode outside the territory of senior officials.

If that is what Mr Lu wants, he may be disappointed, not because of ill-will but because it does not exist in any usable form: the Government says it does not collect nationality data as it is not necessary for its own personnel decisions. As for the integrity checks, the Government records only the results. It says it destroys the information on which the conclusions are based.

In both cases, however, it is up to Mr Lu to state his request plainly. Until it is lodged officially, both sides will keep on talking past each other and the civil service will remain lost and bewildered in between. Private files [subhead; previous two words underlined]

Now the dispute has begun, it would be better if the megaphones were switched off. But the position of principle must be stated openly and firmly. It is neither an obstacle to a smooth transition, nor a breach of the Joint Declaration, to insist China does not need information on any senior officials' nationality, security profile or personal background 30 months before the handover. It must be a matter of record that private files need not and will not be handed to Beijing unless and until the individual has been nominated for one of the few jobs with nationality restrictions or requiring appointment by the central Government, and then with the officer's permission. Civil servants need that public commitment to their privacy. Its restatement at the highest level would bolster morale and reassure staff the administration is determined to retain their loyalty.

Dangerous [previous word underlined]

Civil servants naturally would prefer the matter not be aired in the first place. They are rightly concerned that

their personal files should be the focus of the latest Sino-British row. Mr Lu's incautious threat against individuals and departments demonstrates how dangerous this dispute could become. It could all too easily be interpreted as an attempt to divide and rule among government departments. Worse, it could be seen as a challenge to individuals who would otherwise remain untouched by the row to come forward and prove their loyalty to one side or the other, a development which would cause personal anguish and bureaucratic instability.

Mr Lu no doubt believes he is acting correctly and in the best interests of the Chinese Communist Party. The system with which he is familiar does not place the same value on the independence of the civil service or the privacy of its individual members. There, stability can to a large degree be ordered; it does not need to be nurtured.

But if Mr Lu is not keenly aware of how the Hong Kong system works, he has at his disposal an army of Hong Kong advisers—as well as the Hong Kong representatives of the Preliminary Working Committee and many in the territory's business community. They can, and should, point out to him why the protection of personal privacy is vital to the confidence and morale of the civil service. These groups include former government servants to give their opinions further weight. Mr Patten and his Government cannot speak out repeatedly without further antagonising Beijing. But Mr Lu's Hong Kong team should press him to show more sensitivity.

Now the loud speeches have been made, the matter should be pursued in the Joint Liaison Group where it can be discussed without further displays of ill-temper. But most important of all, it should be pursued with Mr Lu by the various advisers from Hong Kong.

Lu Ping Says Agreement Not Binding After 1997

HK1801065095 Hong Kong EASTERN EXPRESS in English 13 Jan 95 p 2

[By Rain Ren in Beijing and Wing Kay Po]

[FBIS Transcribed Text] Lu Ping, the Director of the Hong Kong and Macau Affairs Office yesterday warned that a 1991 agreement reached by Britain and China over the composition of the court of final appeal would not be binding if the court is not set up before the 1997 handover.

Yesterday, the Governor, Chris Patten, said he did not know why China had not reacted positively to the Government draft bill. "The Chinese have said they wanted to see the court set up in line with the 1991 agreement in time for 1997, in time for the transition. I'm not sure what the problem is," he said.

Lu's warning could mean that the future court would no longer be bound by the 4:1 ratio of local to overseas judges as stipulated in the 1991 agreement. For example,

it could invite more than one foreign judge. It could also mean that the special administrative region [SAR] could have no obligation to implement legislation allowing for any foreign judges to sit on the court.

Lu, the highest Chinese official on Hong Kong affairs, told the visiting Hong Kong Alliance of Chinese and Expatriates that the 1991 agreement was reached to make sure the court was in place before 1997. "Of course the deal will practically lose its meaning if Hong Kong does not have such a court in place before the 1997 handover. If we have to wait until after 1997 we will no longer need to abide by the agreement," Guy Lam, the alliance chairman, quoted Lu as saying.

He said the SAR should establish its court of final appeal according to the relevant provisions of the Basic Law, the mini-constitution of the territory after China takes over.

The 1991 agreement limits to one the number of overseas judges allowed to sit on the court. Article 82 of the Basic Law stipulates that the power of final adjudication of the SAR shall be vested in the court of final appeal which "may as required invite judges from other common law jurisdictions to sit on the court of final appeal".

The Law Society in Hong Kong recently voted to support a draft bill based on the Sino-British Joint Liaison Group agreement while the Bar Association still opposes it.

Lam passed to Lu a proposal from his group on the number of permanent overseas judges. The proposal considers it best for the SAR court itself to decide how many overseas judges should be invited to sit on the court as required by each case, should the court be set up after 1997.

"Lu said our proposal sounds sensible. After all Hong Kong will be under a different legal system from the mainland.

"Leaving the SAR to decide on the number of overseas judges for its own court of final appeal is a part of the high degree of autonomy guaranteed for Hong Kong," Lam said. The Government plans to table the bill to set up the court in the Legislative Council before this session ends in July so that the court can be set up in 1996.

PWC Subgroup Discusses Hong Kong's Railways

OW1701231895 Beijing XINHUA Domestic Service in Chinese 1223 GMT 14 Jan 95

[By reporters Fang Jin (2455 3866) and Zhao Xinbing (6392 2450 0365)]

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—The two-day 12th meeting of the economic subcommittee of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region ended in Beijing this afternoon. The meeting primarily discussed such issues as the

British Hong Kong Government's "Plan for Hong Kong's Future Railway Development," the coordination of large capital construction projects in Hong Kong and Mainland China, and the strengthening of ties with people from all walks of life in Hong Kong.

During a news briefing after the meeting, Gao Shangquan, chairman of the economic subcommittee, told reporters: PWC members discussed projects relating to the Northwest Corridor line, the Tseung Kwan O subway feeder line, and the East Kowloon line mentioned in the "Plan for Hong Kong's Future Railway Development" released by the British Hong Kong Government on 14 December 1994. They noted: Because railway development will extend beyond 1997, it is hoped that the Sino-British Joint Liaison Group will hold consultations as soon as possible regarding the justification for and cost-effectiveness of these projects. The Sino-British "Capital Construction Coordinating Committee" will discuss and coordinate the linkup of cross-border projects mentioned in the plan.

On the question of coordinating large capital construction projects in Hong Kong and Mainland China, PWC members observed: The research group for large capital-construction projects under the economic subcommittee should work with the Sino-British "Capital Construction Coordinating Committee," and study relevant issues.

Participants in the meeting maintained: To rely on the people of Hong Kong, and to uphold the principle whereby "the people of Hong Kong govern Hong Kong," we must pay greater heed to the opinions of people from all walks of life in Hong Kong, including people in industrial and commercial circles, advisers on Hong Kong affairs, and people at the grass-roots level. We may hold forums or employ other means to achieve this goal, and we may designate a single group or several groups to carry out work in this regard.

During the meeting, PWC members also discussed suggestions made by the fourth PWC session regarding the economic subcommittee's work report. They opined: Round-the-clock customs clearance between Hong Kong and Shenzhen is beneficial to visits by people on both sides. We should continue and improve this procedure further, and sum up experience in this regard. Ports of entry in Hong Kong and Shenzhen involve a host of issues, with some deep-seated issues affecting the interests of various quarters. These issues need to be resolved through deeper reform. The meeting decided to put Yu Xiaosong, member of the economic subcommittee, in charge of studying and discussing these issues.

It is reported that the economic subcommittee will hold its next meeting on 17 and 18 February in Beijing.

Official Says Copyright Piracy PRC's 'Problem'

HK1701063295 Hong Kong EASTERN EXPRESS in English 17 Jan 95 p 5

[By Michelle Murphy]

[FBIS Transcribed Text] A lack of co-operation with China over smuggling, and understaffing in the Customs Department are hampering efforts to curb the illegal trade in pirate CDs, customs officials said yesterday.

"They (the Chinese) are aware of the American and Hong Kong and world concern, but it's not up to us to go over the border," the Commissioner of Customs and Excise, Don Watson, said.

"This is a problem for the Chinese government.

"If the Chinese government takes adequate measures, they (pirate CDs) will not cross the border.

"It becomes my problem when they pass the border."

Watson said his 4,000-member department lacked the manpower to enforce anti-copyright infringing legislation, particularly in areas like Sham Shui Po where CDs and CD-ROMs are openly on sale.

"We're rather like the little Dutch boy who runs around putting his finger in the dyke and we haven't enough fingers to stop the flow," he said.

"If the Chinese authorities managed to get their act together then there would be no problem in Hong Kong."

The deputy commissioner of customs and excise, Lawrence Li, speaking at the department's annual press briefing, said there were no regular meetings between the two sides, even though Hong Kong is recognised as a trading hub for millions of illegal-CDs produced by Hong Kong-owned factories in Shenzhen.

"We don't have any cooperation, nor do we have contact with the Chinese authorities directly, but we do exchange information and this year we hope we can have direct contact," Li said.

Extra enforcement staff at border crossings and increased raids on suspected hawkers last year resulted in 986 arrests for involvement in CD piracy and 76 for involvement in the lucrative computer software copying business, which uses CD-ROMs.

The arrests are thought to have had a negligible effect on stamping out the trade, which has provoked United States threats of trade sanctions over intellectual property rights.

In May last year, a 40-member special task force to crack down on cigarette smuggling was created alongside 58 other posts, and next year 160 new staff will join the department to help enforce new ordinances, including those covering copyright.

Watson visits Huanggang on the Chinese border today to examine a huge X-ray hangar used by Chinese customs to examine the contents of tankers and trucks.

"If you can see inside a container it makes the task of our officers much easier," he said.

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"With 24,000 lorries crossing the border every day it's impossible to see what's in each one.

"The machines are very expensive (\$40 million [Hong Kong dollars]) and they take up a lot of room and I've no land at our border crossings for that," Watson said.

The number of CD-ROM smuggling cases detected went up from one in 1993 to 73 last year. CD cases went up from 319 to 1,501.

Customs officials were also more successful last year than in 1993 in arresting smugglers of CDs, cigarettes, diesel and illegal drugs, including heroin and cannabis.

Editorial on Reopening of Sino-U.S. IPR Talks

HK1801063295 Hong Kong TA KUNG PAO in Chinese
18 Jan 95 p 2

[Editorial: "Sino-U.S. Talks on Intellectual Property Rights Reopened"]

[FBIS Translated Text] At the end of last month, the Sino-U.S. talks on intellectual property rights [IPR] broke down and the U.S. side said it would impose sanctions on China, bringing Sino-U.S. relations to a low ebb. Beginning today, the representatives from the Chinese and U.S. sides will once again hold talks in Beijing and if they still fail to reach an agreement, then after the 4 February "deadline" set by the U.S. side expires, a Sino-U.S. trade war will begin. Therefore, the talks in Beijing today have drawn attention from various sides and are very important.

On 31 December, the Office of the U.S. Trade Representative issued a notice which said that if the Chinese side cannot effectively prevent audio visual products or computer software from being pirated, the U.S. Government will resort to Section 301 of the U.S. Trade Act to collect a punitive 100 percent tariff on the major Chinese exports to the United States, including toys, textiles, footwear, and electronic products.

After the United States announced the abovementioned measure, China's Ministry of Foreign Trade and Economic Cooperation immediately pointed out that the measure by the U.S. side is one which ignores the great progress made by China in protecting IPR, as well as the Chinese Government's sincerity and flexibility in the bilateral talks. Therefore, China cannot accept the "punitive tariff" of the U.S. side. The Chinese side also made it clear that if the United States must impose "sanctions" upon China, then China will resort to corresponding retaliation against the United States. If this indeed takes place, the consequences are losses for both sides. This is what China does not want to see and, presumably, this is also not something the U.S. industrial and commercial circles want to see.

China finds the United States intolerant when it is rude and unreasonable and wants people to act precisely the way it wants. It ignores facts, turns a blind eye to the

reality, and orders people about by gestures. The breakdown of talks at the end of last month was because the U.S. representative went off in a huff. How could such negotiations have any results?

The fact is that the Chinese Government has always attached great importance to IPR protection and has viewed respect for knowledge and able personnel as China's national strategy. This is the essence of the issue. IPR protection is not only in the interests of foreign owners of IPR, it is also in the interest of China's scientific and technological progress and economic development. Since the reform and opening up, China has already formulated and promulgated the "Trademark Law," the "Patent Law," the "Copyright Law," and the "Law Against Undue Competition," which are laws and regulations of an international standard on IPR protection. China has also joined the "Paris Convention on Protection of Industrial and Commercial Property Rights," the "Madrid Agreement on Registration of International Trademarks," the "World Copyright Convention," the "Berne Convention on Protection of Literature and Art Works," the "Convention on Patent Cooperation," and the "Convention Protecting Manufacturers of Audio Visual Products From Unauthorized Copying of Their Products." During a short period of about 10 years, China has finished the legislative process which took the developed countries several decades or even a century to finish. Can it be said that China does not attach importance to IPR protection?

Since last year (1994), with regard to IPR protection, China has stepped-up work on cracking down on smuggling and unlawful activities. This is a basic fact. However, because there is a great demand in the domestic market, and while the prices of imported original audio visual products are high, pirates see opportunities arising from the situation. What is important is that, because China has daily strengthened the campaign against this kind of unlawful copyright piracy activity, pirates truly feel that their illegal businesses will eventually cost them everything. There is also the threat of long prison terms. As time passes, the effects will become visible.

Second, China is dissatisfied with the U.S. method because the U.S. side has raised a series of unreasonable demands which interfere in China's internal affairs. For example, it demands China amend the "Civil Procedure Law" within a time limit, reduces the time for the first hearing of a case, and cut the fees of a lawsuit. It also demands that Chinese law courts explain according to U.S. requirements, that China amend the law on IPR before 1 January 1996, and it even demands that the Chinese Government brief the U.S. Government regularly on the situation of inspection and seizure of the products which violate IPR, until the U.S. Government thinks it is satisfied. Of course, these demands have been refused by the Chinese representative because China is a sovereign country.

In particular, during the talks, the U.S. representative kept using "trade retaliation" and obstruction to China's

reentry into GATT as threats. This was not in accordance with the basic criterion of consultation on an equal footing.

Last year, and the previous year, Chinese and U.S. leaders Jiang Zemin and Bill Clinton met on two occasions and both stressed the need to strengthen the economic relations between the two countries. The three major automobile industries in the United States, as well as civil aircraft manufacturers and the electronic industries, are trying to expand their investments in China. Bilateral Sino-U.S. trade is on the rise. Along with China's continuous opening up, the scope for Sino-U.S. economic cooperation is very wide. When the two countries cooperate, both benefit. If a trade war erupts, the results will be unpredictable.

The U.S. side thinks that the current problem is mainly one of pirated compact discs. Activities have begun in various parts of China to wipe out this kind of pirated audio visual product. The United States also admits that China is doing the work. Because the Chinese side has proposed a new plan, some Americans have revealed that China and the United States have narrowed the gap over the issue of IPR protection.

What China expects from the United States is that it can look toward the development of long-term friendly and cooperative relations between the two countries. Yesterday in Beijing, when President Jiang Zemin met John Gibbon, assistant to the U.S. President for science and technology, he said: "Sino-U.S. relations are at a crucial moment and it is necessary for the leaders of the two countries to direct these relations to the track of healthy development, with the foresight and strategy of politicians." Jiang Zemin's speech, on the eve of the reopening of Sino-U.S. talks, shows China's sincerity and hopes for consultation on an equal footing and a solution to the differences.

Commentary Accuses Patten of 'Illicit Practice'

HK1801071495 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0954 GMT 17 Jan 95

[Commentary by Gan Cheng (3927 2110)]

[FBIS Translated Text] Hong Kong, 17 Jan (ZHONGGUO TONGXUN SHE)—Not only has Chris Patten resorted to illicit practice on major construction projects including Container Terminal No. 9 [CT9], he has also adopted the same approach on major political issues, including the transfer of power. During a recent interview with the Hong Kong media, he went so far as to claim that he would "only submit information on senior civil servants to the chief executive of the Hong Kong Special Administrative Region [SAR], instead of submitting it to Beijing."

The Chinese side, strongly and explicitly responding to this, pointed out that this seriously violates Sino-British Joint Declaration provisions. Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, stressed: The British side refuses to submit personnel files of civil servants to the central people's government and wants to

directly deliver them to the future SAR Government. This is an illicit practice and seriously breaches the Joint Declaration. Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, hoped that Chris Patten would conscientiously implement the Joint Declaration instead of playing the fool, creating unnecessary conflicts and difficulties, and undermining Hong Kong's steady transition and the morale of civil servants.

The Joint Declaration explicitly provides that: "The Government of the United Kingdom will restore Hong Kong to the PRC with effect from 1 July 1997"; "The PRC has decided to establish, in accordance with the provisions of Article 31 of the PRC Constitution, a Hong Kong SAR upon resuming the exercise of sovereignty over Hong Kong"; and that "Principal officials will be nominated by the chief executive of the Hong Kong SAR for appointment by the central people's government."

According to these provisions, people will not find it difficult to understand that Britain must restore Hong Kong to China, instead of delivering it to the future Hong Kong SAR Government. In the future Hong Kong SAR, the central government, will authorize Hong Kong people to administer Hong Kong and practice a high degree of autonomy. This will be China's internal affair.

The Joint Declaration explicitly provides that principal officials of the Hong Kong SAR Government will be appointed by the central government. So the central government is responsible for appointing a number of qualified senior officials in accordance with the Basic Law. Thus the central government needs to know about the relevant files, including the personal integrity, of an incumbent senior officials before appointment. The relevant files are in the hands of the Hong Kong Government but Chris Patten refuses to provide them to the central government. Obviously he is deliberately creating difficulties and obstacles to the appointment of principal officials by the central government. This is also irresponsible regarding the future of civil servants.

As a qualified British politician appointed Hong Kong governor, Chris Patten is quite clear about the contents and principles of the Joint Declaration; he is also well aware of his power and responsibilities, of what to do and what not to do. However, after living in Hong Kong for over two years, he has not devoted much effort to doing something practical for Hong Kong's steady transition. Instead he has frequently played tricks on the issue of power transfer, in an attempt to make the central government a mere figurehead or to skirt around it. Not long ago he pointed out: "I am only willing to see one government in 1996 and the same government in 1997." Now he asserts that the information on civil servants "will only be submitted to the chief executive of the SAR and not to Beijing." This is not praising the future SAR Government but is creating a "three-legged stool," causing contradictions, and sowing dissension. But Hong Kong's China restoration is a foregone conclusion. Whatever tricks he will play cannot reverse this trend and the Chinese side will not let him succeed in his schemes.

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